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TRANSLATIONS ON WESTERN EUROPE

No. 1253

WEST

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SWEDES, NORWEGIANS EXUBERANT OVER VOLVO OIL DEAL

Stockholm DAGENS NYHETER in Swedish 23 May 78 pp 2, 25

[Text] Volvo and Oil

The news bombshell that Volvo will become a Swedish-Norwegian enterprise has received favorable comment in the first round of reactions by all parties concerned. Volvo chief Pehr Gyllenhammar is looking forward to an influx of new money and to expanded markets. Prime Minister Falldin and his Norwegian colleague, Nordli, hail the breakthrough in Swedish-Norwegian industrial cooperation. Falldin is also looking forward to increased shipments of Norwegian oil to Sweden. Union representatives are cautiously optimistic, hoping for more jobs in both countries. Olov Palme's comment could most precisely be labeled acidly positive.

With the last news bombshell from Volvo -- the one a year ago about the merger with Saab-Scania -- in mind it might be wiser to keep the reaction to restrained applause for the moment. Then too the first comments on all sides gave an impression of joy and serenity. Which did not prevent things from turning sour, with Saab-Scania pulling back after thinking it over more carefully.

The arrangement with Norway should be viewed against that background -- and against the background that Volvo failed to get the Swedish state to invest billions of kronor in the firm's development projects. Thus the alternative for broadening the base of operations that has resulted in a basic agreement with the Norwegian government was chosen after a few other paths turned out to be blocked.

According to the agreement Volvo will establish industrial enterprises in Norway with the emphasis on high technology and technical development -- one of the aims being to make car parts out of Norwegian products like aluminum and plastic -- and the firm is insured the right to take part in the search for oil on the Norwegian continental shelf. It sounds fantastic. But one must recall that previous Volvo ventures in



the area of foreign project cooperation, such as the car factory in Holland, and attempts to spread out in different branches, such as the leisure sector, have not been unqualified successes, to put it mildly.

But viewed in the perspective of Swedish-Norwegian cooperation the Volvo agreement with the Norwegian state does not appear to be a sudden flight of fancy. It fits very well into the guidelines for energy and industrial cooperation presented last March by the Swedish and Norwegian ministers of industrial affairs.

They mentioned talks between Norwegian and Swedish industries on co-operation in such areas as petrochemicals, aluminum and cars and talks about how Sweden could take part in oil prospecting and extraction. But if we single out the car industry, it does not necessarily follow that Volvo should be the one selected and even less does it follow that the cooperation should take the form of turning Volvo into a "bi-Nordic" company with 40 percent Norwegian ownership.

One of the questions one must ask is what tempted the Norwegian government to get itself into this. It is true that the Norwegian Volvo shares will be put on the market but the Norwegian state must count on coming up with most of the money itself, 750 million Swedish kronor, 600 million of it in nonvoting shares. Norway is not yet a land of "sheiks" rolling in oil revenues. On the contrary it has a foreign debt that expressed as a percentage of Gross National Product is several times larger than Sweden's.

The main explanation for the Norwegian interest is probably to be found in the Norwegian desire to diversify the economy, avoiding too heavy a dependence on the oil industry along with shipping, which is creating big problems. And it must have been a temptation to go in with Volvo, the biggest industrial firm in Scandinavia.

For Sweden's part, in addition to Volvo's expansion opportunities, it is naturally the energy prospects that are the central point. The purchase of Norwegian oil in the near future is hardly an economical way of insuring the supply of oil. But it could be in the long run. And from a security point of view it is important to get a geographic distribution of energy sources.

But the agreement of principle between Volvo and the Norwegian government is no cause for rejoicing in that respect either. It holds out the prospect of oil concessions which Volvo will be entitled to extend to other Swedish interests. But aside from that all the agreement does is "open the door" for negotiations between Swedish and Norwegian authorities on a long-range delivery agreement.

Taken as a whole the preliminary agreement between Volvo and the Norwegian government opens up exciting prospects for the future. But it is too early to tell what it really involves -- there are too many unclear points for that.

#### Jubilation in Norway -- 4000 New Jobs

"A pioneering breakthrough in Norwegian-Swedish cooperation on industrial and energy policy." That is how Prime Minister Odvar Nordli described the agreement between the Norwegian government and Volvo. For the prime minister it is natural that new developments and production should be located in Norway. Today Norwegian subcontractors to Volvo provide work for around 4000 people and Nordli estimates that the co-operative venture with Volvo will produce between 3000 and 5000 new jobs.

The initiative for the formation of the Swedish-Norwegian concern came from Pehr Gyllenhammar, Nordli revealed. That was in February. The Norwegian prime minister also had a talk on the matter with Thorbjorn Falldin in the course of the latest meeting of the Nordic Council in Oslo.

The negotiations have been conducted by the former minister of defense, Jens Christian Hauge and Gyllenhammar. The chairman of the Norwegian Industrial Federation, Rolf Lindboe, also took part as an adviser. This means that Norwegian industry was in on things from the beginning.

It was easier to keep the secret in Oslo than in Stockholm toward the end. DAGBLADET, which is published in the morning, got a tip from Stockholm and put out an extra edition.

In the afternoon there was a press conference with Prime Minister Nordli, Finance Minister Per Kleppe, Energy Minister Bjartmar Gjerde and Industrial Affairs Minister Olav Haukvik as well as the negotiator, Hauge.

The future of the automobile industry was painted in rosy colors and the cabinet members had no doubts about this being an excellent future investment.

The formation of the holding company will require 750 million Norwegian kronor in the first round. The government is guaranteeing this amount and the idea is that half the shares in the Norwegian holding company will be offered on the private capital market in Norway.

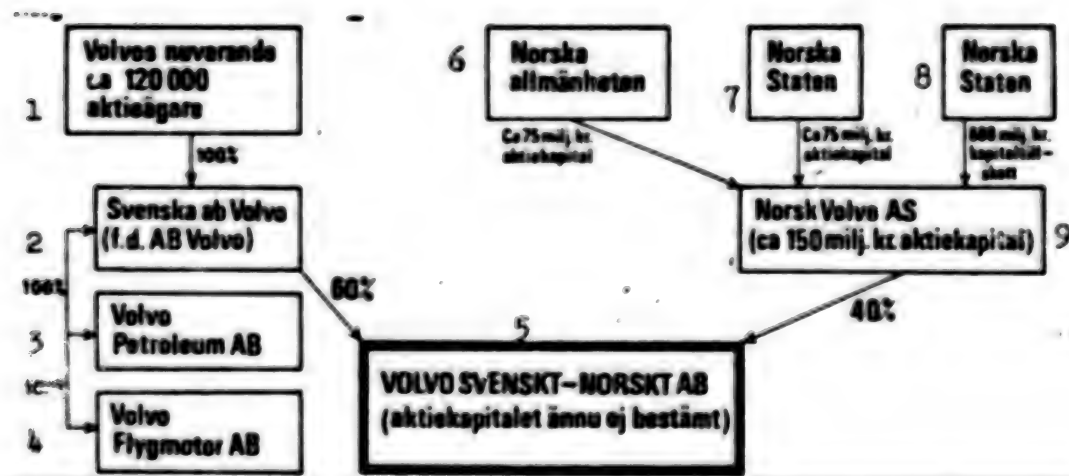
After the press conference, Finance Minister Per Kleppe told DAGENS NYHETER that the government is thinking of keeping the Norwegian holding company at arm's length. The idea is to handle the state interest in the company through a Norwegian national firm.

The government also figures that between 500 and 700 million Norwegian kroner will be invested in Norway for Volvo during the next 5 years.

Prime Minister Nordli expects that a plan will be ready next year for the production of Volvo parts and new materiel.

Norway has a large aluminum production and is expanding its production of plastic. The government believes that the car of the future must be much lighter than today, requiring a large amount of aluminum and plastic.

Odvar Nordli also made it quite clear that the next generation of Volvo cars would be developed in Norway.



**Key:**

1. Volvo's present stockholders, around 120,000
2. Swedish Volvo, Inc. (formerly Volvo, Inc.)
3. Volvo Petroleum, Inc.
4. Volvo Airplane Motors, Inc.
5. Volvo Swedish-Norwegian Corporation (stock capital not yet determined)
6. Norwegian public, stock capital around 75 million kroner
7. Norwegian state, stock capital around 75 million kroner
8. Norwegian state, about 600 million kroner in additional capital
9. Norwegian Volvo, Inc. (around 150 million kroner stock capital)

## No Help Against Japan

On Friday Volvo stocks were worth 84-85 kronor. The current stock quotation reflects all the incomplete information and the extra dose of uncertainty about the future caused by the Volvo proposal. A year ago we were bold enough to make a positive prediction in the wake of the fusion proposal. Today we don't dare make any projections. We will merely try to add up the pluses and minuses for the 120,000 Volvo stockholders.

The diagram above shows what is now known about the organizational structure of the Volvo complex starting in January 1979. The commercial core will be the jointly-owned company, Volvo (Swedish-Norwegian), Inc. On top of this company there will be two holding companies with 60 and 40 percent respectively of the jointly-owned company.

Technically, the new joint company will be formed by transferring the assets and liabilities of the present Volvo to the joint company which will "pay" by giving the present Swedish Volvo, Inc. 60 percent of the stock capital in the joint company.

According to the stock market quotation, the present Volvo concern is worth around 1.5 billion Swedish kronor. If Norway is to have 40 percent of a jointly-owned company it should put in 1 billion. Then the company would be worth  $1.5 + 1 = 2.5$  billion kronor, with Norway putting up 40 percent of that amount.

Why then is Norway paying only 750 million kronor?

The main reason is that Swedish Volvo is keeping 100 percent of Airplane Motors, Inc. This company is Volvo's most profitable division. Airplane Motors, Inc. accounted for 13 percent of the concern's profits in 1976 and 26 percent in 1977.

If the market value of the Volvo concern with the exception of Airplane Motors is estimated to be around 1.2 billion kronor, Norway should pay 800 million in order to get 40 percent of the whole pie. And now we are approaching the 750 million kronor that Norway is actually paying.

Another plus for Volvo's current stockholders is that the Norwegian state is giving Volvo a "free" entry ticket to oil prospecting there. The value of this free ticket is buried in the depths of the North Sea. The Volvo management has disclosed that a line is forming among prospecting interests. This should mean that the entry ticket has a positive value. In addition to that there is a possible joker in the form of "extra favorable" treatment of Volvo Petroleum, Inc. There is another plus for current Volvo stockholders in the conditions for a capital transfer of 600 million kronor from the Norwegian state. This payment will be "transformed" via the Norwegian company into stock capital in the jointly-owned company.



This condition means that the jointly-owned company will not have to pay any distribution on these 600 million kronor during the period from 1979 to 1984. In other words the joint company will have 5 years of "free financing" at the rate of, say, 60 million kronor a year. Volvo's current stockholders could reasonably estimate this at around 40 percent of 250 million kronor, shall we say, or around 100 million kronor.

The rest of the analysis is harder. It will be positive for Volvo's current owners if the 750 million kronor from Norway can be used for expansion and the generation of new profits. It will be negative if the 750 million kronor merely provide financial breathing room for a few years. Unless the European car industry has especially favorable conditions with respect to Japan, Brazil, etc., 750 million kronor won't be of any help.

A Swedish-Norwegian car industry must survive by winning the export market.

The present financing solution on the risk capital side involves clever technical footwork with Scandinavian overtones. I have a feeling that Volvo's managing director and its PR men are making this appear more remarkable than it is. They have acquired a new stockholder in a creative and unconventional way. But the challenge lies in continuing to crank out 300,000 passenger cars a year.

Nothing has been settled yet as to the stock issue price and exchange conditions. If we assume Norwegian conversion into 85 kronor per new Volvo share at nominally 50 kronor, there will be around 9 million shares. This in turn would lead to the conversion of the current 18 million Volvo shares into around 13 million shares in the new joint company. If the diagram is anywhere near right up to now, the Norwegian state will be voting half the Norwegian shares, or 4.5 million out of 22 million shares.

If in addition about half the "Swedish" shares would have 10 times the voting rights of the other half (as is the case today) and also 10 times more than the Norwegian shares, we can estimate the Norwegian state's voting strength in the joint company. Using these assumptions, the Norwegian state would control only 6 percent of the total votes.

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CSO: 3109

GROWTH OF UDC FREE TRADE ZONES THREATENS TEXTILE INDUSTRY

Stockholm DAGENS NYHETER in Swedish 16 May 78 p 10

[Article by Bo A. Ericsson]

[Text] Every third textile worker in West Europe -- or around 1.5 million people -- runs the risk of losing his job by 1985. To a significant extent this is due to increasing imports of low-priced goods from the developing countries, especially those who have set up so-called free zones. These are areas where foreign companies can set up business and enjoy freedom from taxes and customs duties, among other things.

In recent years such free zones have sprung up from the ground like mushrooms, primarily in Asia. Today they compete not only in the area of textile production but also to an increasing extent in the production of other, more complicated goods -- at prices West European industries can't match.

There is mounting anxiety today in the union organizations about this development.

"The free zones are a form of landlocked bootlegging," they say. "They make it possible for multinational corporations in particular to establish themselves with no taxes and no duties in special export production enclaves where union rights and labor legislation in general are often the exception and where wages can be kept at close to starvation levels due to the overabundance of labor.

"In the long run the underdeveloped countries don't benefit from this system," they charge. "They are instead being exploited in their desperate plight. The companies reap the big profits and very little goes back to the country. For the most part the raw materials and semi-finished goods come from other countries and spin-off industrialization does not occur to any great extent."

## No Program

But while they make this evaluation -- and fear that the problem will be even greater tomorrow -- the union organizations have no concrete program to present today.

A very complicated course must be charted to avoid the many obstacles in the way of such a program -- taking a line between the free trade principle and a relapse into the old protectionism, between the threat to one's own job and the demand for a more just international system, etc.

On the part of employers the anxiety is shared to a large extent. In particular the Swedish textile firms would like to see some form of import restrictions or controls that would reduce the effects of the low prices.

The free zones have mainly grown up during the 1970's and can be found in more than 50 countries today, including the following:

Taiwan, Hong Kong, South Korea, the Philippines, Malaysia, Singapore, Indonesia, India, Sri Lanka, Senegal, Mauritius, Haiti, the Dominican Republic, Guatemala, Colombia and Brazil.

For the developing countries the free zone is a tool for creating industrial jobs and reducing massive unemployment -- for the foreign capital that is attracted the free zone is an opportunity to produce at lower costs than were previously possible.

So the marriage is entered into.

## First in Line

Besides textiles, production in the free zones today covers such areas as electronic components, certain machine tools, household articles and machines, toys, shoes, sports articles, radios, and stereo systems.

Around the corner are inroads into even more branches.

The first in line with a free zone was Taiwan. As far as we can tell the free zone activity had quite a lot to do with the enormous export increase Taiwan registered in the 1970's. Last year, for example, textile production exports rose over 30 percent, plastic production almost 40 percent and electrical machinery a good 30 percent.

The most recent free zone was Sri Lanka (which today has an unemployment rate higher than 20 percent). In the "free trade zone" now being set up

in a 500 square kilometer area north of the capital, Colombo, interested foreign firms are being offered the following, among other things:

Duty-free importation of all equipment, materials, etc.

Freedom from both export and import controls.

Freedom from taxes for the first 5 years, after which they will pay a 2 percent tax on sales to other countries.

Freedom from taxes for all foreign personnel.

Freedom from taxes on distributions to stockholders living abroad.

Special benefits in leasing or purchasing land and buildings.

#### One Million

At the same time labor laws will be revised -- probably with the result that exceptions to certain regulations can be made in the free zone.

In addition, industrial wages in Sri Lanka according to a survey by the Foreign Ministry are 20 percent of those paid in Hong Kong, for example.

According to reports Sri Lanka's government is planning to establish as many as 200 industrial firms in the zone creating as many as 50,000 jobs. However, other observers feel there will scarcely be more than 10-15,000 jobs.

It is not quite clear how many people in all are employed in free zones today. In a report issued by the Max Planck Institute in West Germany the number is estimated to be roughly a million.

At the same time, entire countries can function as a free zone in practice in some cases by giving special general advantages to foreign firms willing to settle in the country.

#### Armed Patrols

The actual free zones however are sharply defined, as a rule, in some cases almost like states within a state. Of such an example, La Romana in the Dominican Republic, the American labor periodical had this to say. Since the beginning of the 1970's the multinational company, Gulf and Western, has established itself in an area surrounded by barbed wire and guarded by armed patrols. The zone also includes a separate harbor and the wages are reportedly a few kronor an hour. No real union activity is allowed.



Charles Ford, chairman of the international textile workers federation, said at a conference held in Geneva by ILO, the International Labor Organization, a few weeks ago:

"The free zones are a paradise for multinational concerns. But they are no paradise for the workers."

It was at the same conference that it was reported in a forecast that one out of every three textile workers in West Europe could lose his job by 1985 -- which Ford linked in part to increased exports from a growing number of free zones.

#### Social Clause

In Sweden both LO [Swedish Federation of Trade Unions] chief Gunnar Nilsson and TCO [Swedish Organization of Salaried Employees] chairman Lennart Bodstrom have recently expressed anxiety about the growth of the free zones (Gunnar Nilsson most recently in a DAGENS NYHETER interview on 23 April).

In an effort to gain control over the development union organizations, including those in Sweden, have demanded the insertion of a social clause in the GATT agreement regulating free trade.

Such a clause would establish that certain minimum requirements concerning working conditions, wages, job environment, etc. must be met if a country is to benefit from the GATT rules.

People in union circles have said that what is going on in practice now in the free zones is a form of social dumping.

To date, however, the efforts to insert such a clause have been unsuccessful. Charles Ford, at the same Geneva conference said:

"We want free trade, but we also want fair trade. But when we bring this up in GATT they say it is a matter for ILO. And when we bring it up in ILO there are voices that say this belongs under GATT. The whole thing has been a kind of international pingpong game with the workers as helpless observers."

#### Elimination

But while most union leaders do not wish to meet the free zone problem by relapsing into the old protectionism any more than they can stand by silently and watch the elimination of many of their members' jobs, the zones represent a dilemma in another way too.

And that is that union movements, at least in some of the countries where free zones are set up, accept this. Not gladly, but with the reasoning that jobs, even under poor conditions, are better than unemployment and poverty.

In addition, there is now a UN development organ, UNIDO, which actively supports the growth of new free zones. For many underdeveloped countries, they say in UNIDO, the free zones represent the best and quickest way of creating new industrial jobs and reducing the unemployment that as a rule is many times higher than it is anywhere in West Europe, for example.

At a conference UNIDO arranged in Manila a few months ago the free zone countries took another step toward consolidating their positions and formed a special organization for increased cooperation.

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CSO: 3109

CANADA REDUCING DEPENDENCE ON ARAB WORLD

Montreal LA PRESSE in French 11 May 78 p A 11

[Article by Robert Pouliot]

[Text] Cyprus. Over a 4-year period Canada has completely restored its traditional trade position with the Middle East. Last year it increased its exports and substantially reduced its purchases of Arab oil.

According to the data from Statistiques Canada and the International Monetary Fund, sales of Canadian goods to 26 Middle East countries, from Morocco to Iran, including Ethiopia and the two Yemens, totaled almost \$900 million last year, a jump of 33 percent over 1976. At the same time, imports from the Middle East declined 23 percent to \$1.4 billion, because Montreal is buying more petroleum from the West rather than from the Middle East. Three other industrialized countries also managed to decrease their imports in 1977: Italy, the Netherlands, and the United Kingdom, but their decrease barely exceeds 10 percent.

This was the first time since 1973 that Canada was able to restore its balance of trade with the Middle East. Until the Arab oil embargo in 1973, for each dollar of imported oil, Canada paid the bill by selling \$.62 of products to the Middle East. The difference was defrayed by drawing from export income received from other areas of the world. But the country was completely taken by surprise in 1974 when the price of this black gold was quadrupled: for each dollar of imports, Canadian industry was only able to sell \$.37 of products to the Middle East. Trade again deteriorated in 1975 when, for each dollar of imports, our sales dropped to \$.28, meaning that we had to draw not just \$800 million as in 1974, but \$1.5

billion in income from other sources to pay the Arab bill. The situation had become extremely difficult for the federal minister of industry and commerce, Donald Jamieson. In spring 1975 he established a working group on the Middle East in order to launch a vast trade offensive in the region and reduce our dependence on the Arab world.

Although our performance of \$870 million in exports may seem pale in contrast with the sales of France (\$6.4 billion), West Germany (\$9.7 billion), Italy (4.6 billion), Japan (\$9.2 billion), the United States (\$12.2 billion), and countries as small as Rumania (\$900 million in 1976), of these, only three large industrialized countries had a better coverage of their imports than Canada.

These were: Switzerland, which sells 3 times more merchandise to the Middle East than it imports; West Germany, with a trade surplus of a half billion dollars; and Great Britain, which exports nearly as much (97 percent) as it imports from the Middle East.

Another factor which may conceal the real performance of Canada is our export of services (engineering, architecture, mining and petroleum exploration, telecommunications, etc.); great pressure was applied by Ottawa and the provinces to restore our trade position in the Middle East.

In Algeria, for example, the biggest importer of Canadian products in the Middle East and Africa, with a total of \$186 million last year, our services of all sorts offered by about a dozen companies brought in an additional \$15 to \$20 million to Canada. Diplomatic sources in Algiers told LA PRESSE that contracts with a value of \$200 million were signed last year and about 30 Canadian proposals are now waiting the go-ahead signal from the authorities for projects worth about \$2 billion.

### Prospects

While our exports to Iran seem to hover around a ceiling of \$150 million a year, Saudi Arabia and the Persian Gulf area now offer the most exciting prospects. Bell Canada was awarded a \$1 billion contract last January to participate, along with Phillips and L.N. Ericsson, in the expansion of the national telephone system. A little earlier, the engineering firm of SNC (Surveyer, Nenniger and Chenevert) won a contract for rural electrification valued at \$100 million. According to SNC sources in London, the fees on this contract could amount to \$5 million. With the slow economic upturn that is appearing



in the Gulf emirates and the opening of a Canadian embassy in Kuwait in April, Canadian industry will be in a better position this year to exceed last year's sales of \$64 million in this hook-shaped region around Saudi Arabia. Egypt, which for the first time in its history surpassed Israel as a purchaser of Canadian products last year, also offers an enormous potential. The Association for the Expansion of Exports should be signing now (if it hasn't already) a credit protocol of \$200 million to finance Canadian projects over the next 2 years.

In all, this year Canada could easily surpass the figure of \$1 billion in exports to the Middle East, and if our trade effort is intensified, it could completely cancel out our trade deficit by 1979-1980.

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## CANADA

### PQ ASSEMBLY LEADER COMMENTS ON POSTPONEMENT OF FEDERAL ELECTIONS

Montreal LA PRESSE in French 12 May 78 p A 6

[Article by Pierre-Paul Gagne]

[Text] Quebec. According to Robert Burns, the government leader in the National Assembly and the minister in charge of the referendum bill, the decision of Prime Minister Trudeau to postpone the federal elections will not have any great effect on the Quebec government's strategy for the referendum.

However, he did say that there is no possibility that the Levesque government might hold the referendum at the same time as the federal election; in his opinion, this would dangerously confuse the issues.

In general, the deputies and ministers were quite surprised by Prime Minister Trudeau's decision; they had been fully convinced that Trudeau did not have the choice of postponing the elections.

Some took the opportunity to indicate that this was an "admission of failure" on the part of the Trudeau government, but most of them wondered mainly about the repercussions that this decision might have on the holding of the referendum. The word "uncertainty" was naturally the one heard most often when they tried to weigh the pros and cons of Trudeau's decision as it affects the PQ strategy.

Prime Minister Levesque refused to comment, saying he would announce his reactions today at his weekly press conference.

One of the government strategists handling the referendum issue, Minister Marcel Leger, indicated that he felt there was no possibility of any hasty referendum being held before the federal election. In his opinion, such a decision by the Levesque

government would only enable Trudeau to boost his popularity in English-speaking Canada.

At the same time, Mr Leger said that the primary objective of the Levesque government was to thoroughly educate the people on the entire sovereignty-association issue, so the decision by Trudeau could not greatly influence the PQ strategy.

"We are going to move along at the rate we had planned," said Mr Burns in announcing that the article by article study of the referendum bill will begin in the National Assembly next Tuesday.

According to Mr Burns, after the passage of this bill, the next phase in the government's strategy will be the working out in public of what the PQ means by "sovereignty-association", and the publication of a series of "black reports" on federalism.

The "optimistic" view of things advocated by Mr Burns was not shared by all and there were many who felt that the government will have to rethink a good part of the strategy it intended to use during the forthcoming months.

As an example, people mentioned the entire issue of the black reports on federalism. While it had been planned to release none of them before the federal elections in order not to furnish any ammunition to Trudeau, now, under the pressure of the opposition and public opinion, some of them will have to be released during the next few months.

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## LEVESQUE REFUSES TO ATTEND JEWISH CELEBRATION

Montreal LA PRESSE in French 10 May 78 p 1

[Text] Prime Minister Trudeau and Mayor Drapeau will attend a big celebration this evening marking the 30th anniversary of the foundation of Israel, but Premier Levesque will not be there. Deputy Gerald Godin and Yves Michaud, adviser to the premier, will represent Quebec.

The premier's associates are, in fact, reported to have been irritated by the way in which Levesque was invited to participate in the event. An ordinary invitation card was sent to Levesque by the Israeli consulate in Montreal on 26 April, which gave little time for a person as busy as the premier to organize his schedule to include the event. Levesque received another invitation from the chairman of the festival committee in Montreal, dated 25 April. The premier's office answered the chairman, Lyon Heppner, that Levesque could not accept his invitation because of prior engagements.

Nevertheless, since the election of the PQ [Parti Quebecois] in November 1976, the Israeli consulate in Montreal and the Quebec Jewish community have had some informal contacts with government officials, engaging in a dialog considered new and useful.

On the other hand, articles published in English language magazines throughout North America since the assumption of office by the PQ reveal a state of anxiety within the Jewish community in Montreal. There is talk of an exodus of Jewish Quebecers and of a flight of capital. The fear of seeing strong anti-Semitism develop in Quebec in the event of its independence is also clearly expressed.

An article published in February in Washington also underscores that Levesque once expressed support for the murderers of the Israeli athletes in Munich, in 1972. A former Jewish citizen of Montreal even predicted in this same article that "if Quebec separates, there will be an anti-Semitic government."

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## 'LE DEVOIR' COMMENTS ON POSTPONEMENT OF ELECTIONS

Montreal LE DEVOIR, in French 13 May 78 p 4

[Commentary by Michel Roy: "The Elections and the Referendum Game"]

[Text] By postponing the elections for an indefinite period of time, Trudeau is forcing Levesque's government to revise the strategy and the schedule of its big referendum maneuvers. He is introducing into the PQ [Parti Quebecois] expectations a new element of uncertainty. This is an aspect of the question which he surely did not overlook when he made his decision. No one knows whether the elections will be held in the fall or in the spring of 1979. So long as this suspense lasts, it will be difficult for Quebec to draw up a definite plan.

In a press conference yesterday, the premier could only speak in hypothetical terms. If Trudeau takes it into his head to consult the people in September or in October, the PQ, he indicated, will refrain from publishing its documents on association and from launching a referendum debate in the fall, since it is agreed that the two campaigns must not in any case overlap. If, on the other hand, the federal prime minister should extend his mandate to the legally permitted limit--that is to say, the spring or the beginning of the summer of 1979--Levesque might take action this fall. But, in the absence of certainty about the date of the Canadian elections, this path remains uncertain and difficult. After the Hamlet of Ottawa, Quebec might have its own.

This is why one of the remarks made yesterday evening to the press by Levesque takes on particular significance. If Trudeau should believe himself justified, despite the usual custom, to stretch out his mandate to the 5-year limit, why could not he, Levesque, extend his own term to its ultimate limit, that is to say, until the fall of 1981?

In this way, he could take his time to prepare his referendum after the federal elections and before his own. Then there is another card in his game. Who knows whether Trudeau would still be the nation's prime minister on that distant date?

However, going beyond these clever calculations, whose scope is essentially strategic, it is important, in this discussion, to make a distinction between elections and a referendum. Tradition, under our system, allows the head of government not only the indisputable prerogative of calling elections when he considers it the right time, but also a very broad margin for maneuvering in the exercise of this freedom: It is the voters who finally judge.

With regard to a referendum on the political future of Quebec, this margin also exists, but it is narrower. It is true, as Levesque pointed out yesterday, that the decision announced Thursday by Trudeau engenders uncertainty in the nation which had believed that it had a date at the polls this summer and which today does not even know whether the election will be in the fall or next year. But for obvious reasons, the uncertainty surrounding the referendum is even greater. In the first case, it is a matter of finding out whether the liberals will be defeated or called back to power, which does not involve a change in political system. In the second case, the citizens of Quebec will be asked to say whether the province will separate from the Canadian federation and then enter into negotiations with the federation to associate with it. The decision is a much greater one than that of deciding whether Clark or Trudeau will head the government.

Consequently, the voters in Quebec want to know the nature and the modalities of the "joint ventures" programs which the government plans to propose to Canada. To subordinate their publication and their mode of operation to Ottawa's electoral whims amounts to comparing a consultation on the future of a people to simple legislative elections. Whatever the date of the Canadian elections, whatever the moment chosen to hold the referendum, it is certain that Trudeau, if he is still in power, and the other federal parties and politicians will intervene in the referendum campaign. Regardless of the rules of the game, assuredly necessary in the 2 months preceding the consultation, the future of Quebec will not be decided in an airtight chamber, as if the rest of Canada had no interest in this affair.

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LEVESQUE ATTACKS RYAN ON CAMPAIGN FINANCING

Montreal LE DEVOIR in French 13 May 78 p 8

[Text] Quebec (by Bernard Descoteaux)--For a man who claims to be a reformer, Claude Ryan's refusal to conform to "the spirit and the letter" of law 2 on the financing of political parties is not a very good start.

This is the conclusion which Premier Rene Levesque draws from the short debate which he himself stirred up when he reminded the new Liberal leader 2 weeks ago of his commitments with regard to the reorganization of the Liberal Party finances.

At the beginning of his campaign which was to bring him to the leadership of the Quebec Liberal Party, Claude Ryan had promised to respect the spirit and the letter of law 2 with regard to the financing of his organization, promising to reject contributions from legal entities and setting a ceiling on contributions from individuals.

Referring to Ryan's promise, Levesque asked him to fully respect "the spirit and the letter" of the law by publishing a list of subscribers who had contributed more than 100 dollars. Ryan refused to yield to this request giving as an excuse that law 2, which in any case is not applicable to leadership congresses, is not yet in effect.

For the premier, the new Liberal chief was merely glossing things over by invoking such an argument. And he pointed out to him that, for a man who considers himself a man of principle, it is not good to play in this way with "the spirit and the letter" of a law.

Alluding to certain rumors reported in the National Assembly alleging that Ryan had received contributions from outside of Quebec, the premier added with regard to the requested list of contributors: "Either he has good reasons for not doing so, or else he cannot divulge it.

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## QUEBEC CONCLUDES AGREEMENTS WITH ITALY AND PORTUGAL

Montreal LA PRESSE in French 15 May 78 p A 2

[Text] Returning from a 17-day tour of Europe, Quebec's Minister of Immigration Jacques Couture stated he was happy to have concluded with Italy and Portugal agreements which set up ways for future Italian and Portuguese immigrants to familiarize themselves with the French language and with Quebec.

Couture, who had arrived at Mirabel Friday evening after leaving Lisbon, was particularly gratified by the welcome extended to him by Mr Poschi, the Italian government's undersecretary of Foreign Affairs. In addition to the agreement setting up ways for future Italian immigrants to get to know the French language, Italy declared its intention of financing Italian language study programs in Quebec.

While in Rome the Quebec minister took the opportunity of addressing himself and in the name of his colleague in Social Affairs, to the question of a Canadian-Italian agreement on social security concluded last year in which Quebec had not participated.

During the Italian stay, Couture visited Frioul, the region devastated by an earthquake 2 years ago and participated in village inaugural ceremonies where some businesses had been reconstructed by means of Quebec financial aid, both government and private.

### First Contacts With Portugal

The minister's visit to Portugal marked the beginning of a relationship between Quebec and Portugal. This was the first time a Quebec minister had been officially received in this country.

An agreement on official communications between the respective ministries was concluded with Joao Lima, Portugal's secretary for Emigration.

Couture took note that at least 80,000 Portuguese currently were seeking emigration to other countries. According to him, an interesting factor was that the Portuguese are more easily "frenchified" and adapt more quickly to Quebec.

#### Switzerland and France

In addition, the minister of immigration visited Geneva where he engaged in talks with Paul Hartling, UN High Commissioner for Refugees and with Theodore van Boven, director-general of the Commission on Human Rights. He announced his intention of creating a new post of deputy secretary for refugees in his ministry but noted that in view of the current economic situation, this did not mean there would be an open door policy for refugees.

Couture was then the guest of Grenoble's municipal authorities for several days. He had followed a course of study there in 1975. He took this opportunity to visit several agencies serving immigrant workers.

Finally, during his stay in Paris, an agreement was drawn up with Robert Boulin, minister of Labor and Participation, setting up a task force of French and Quebec ministerial personnel for studying the possibility that young French people who might wish to emigrate to Quebec, could spend a study period in Quebec in order to become familiar with the employment world of Quebec.

Reviewing his tour, Couture said he was surprised by the friendly reception and interest shown in Quebec by his foreign contacts.

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## CONFERENCE TO FORM WORKERS PARTY HELD

Montreal LA PRESSE in French 15 May 78 p A 7

[Text] A workers party with a union base is another step towards realization after the weekend meeting of 200 members and sympathizers of the Regroupment of Union Militants (RMS) where a series of resolutions were adopted to secure the political base of the movement and to establish a more advanced structure for the organization.

On the political front, RMS members and sympathizers adopted four resolutions concerning the future workers' party, independence and the national question.

The participants in this national conference recognized the necessity of workers having their own political party, formed from existing workers' organizations, the unions, and realizing the political independence of the workers as distinct from those political groups said to be bourgeois. This workers' party will also be the vehicle to enable "young workers, students, women and oppressed groups" to defend their rights and to give solidity to their demands, said the text adopted.

Denouncing law 2 on party financing, which they considered an attack on "the independence of workers groups," the participants in the conference felt that it was their union organizations, "principal force in the workers' movement" that should build the workers' party. In this context, the participants hoped for the convocation of an inter-union conference for orientation and political action which would constitute an important step towards getting underway a plan for action in building a workers' party.

### Independence

The participants in the conference also pronounced in favor of independence for Quebec "on the basis of the social, democratic, and national demands" of workers, considering that "the struggle against national oppression is an integral part of the struggle of the working class for its emancipation." The text adopted by the participants seeks, in addition, to separate itself from the Quebec Party of which, it said, the proposal for sovereignty association leads to the "abandonment of effective self-determination for the people of Quebec in favor of simple whitewashing of the current Federal state."

Defending itself against having a limited nationalist point of view, the Conference also considered that "the struggle against national oppression can only bring us a step forward in uniting English-Canadians and Quebecois in their common struggle against the bourgeoisie, all its parties and factions together."

Finally, the last resolution adopted stipulated that the workers' movement should take on the national question, debate it among the rank and file, seek to achieve a "unified position of the union organizations, especially in relation to the referendum."

#### Organization

As concerns RMS organization, the participants adopted a resolution on putting together a workers' party, giving the coordination committee the go-ahead to work on party structure.

The participants pronounced in favor of extending the movement, both in setting up regional sections on the scale of Quebec (RMS is still largely Montreal) and by increasing membership (a target of 500 new members).

In the same movement, RMS will seek to give itself statutes integrating the regional sections with a national administration.

Then, RMS gave itself the task of systematically organizing the intervention of its militants in workers' organizations and to convoke by next autumn a meeting of regional representatives to set up a plan for section organization.

And finally, the conference adopted a resolution supporting the Civil Rights League's "Operation Freedom," the fight to defend political prisoners, and the national coordination committee for free abortion on demand.

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LAURIN SAYS LEAKED VERSION OF WHITE PAPER NOT DEFINITIVE

Montreal LA PRESSE in French 9 May 78 p A 6

[Article by Ingrid Saumart: "The White Paper on Culture. A Final Modified Version Supported by the Same Guidelines"]

[Text] Minister of State for Cultural Development Camille Laurin declared yesterday that the version of his White Paper commented on by LA PRESSE, Radio-Canada and LE DEVOIR was not the final copy of his plan for a new society, but rather a working document presented to the council of ministers 3 months ago.

Laurin stated, in a press release, that since last February, the cabinet ministers have made changes in this text and that, even if the council of ministers had given its approval to the publication of the latest version, "certain changes must still be made in it."

For his part, while saying that changes have indeed been made in the working document and that the final version would be slightly modified, the secretary general attached to the ministry of state, Guy Rocher, (who is also one of the authors of this White Paper) confirmed to LA PRESSE that "some minor changes had been made in the original text, but that, on the whole, the guidelines are the same" and that the main topics would be much the same in the definitive version as those commented on by LA PRESSE yesterday and last week by Radio Canada.

It is annoying," Rocher added, "that all this publicity is being given to the document now, because you will not give it even three full pages when we publish the final version."

In his press release, Minister Laurin said that he will submit the document, as it is accepted by the council of ministers, to the national assembly before releasing a copy to the press and that "all reporting on and analysis of the version of the working document used by certain media cannot yet be considered a faithful report on official government policy in the matter of development."

On the other hand, LA PRESSE has also learned that the White Paper will be published in two sections, the first devoted exclusively to the government's philosophy in the matter of cultural development, and the second, covering all the concrete measures envisaged to realize the plan for the transformation of Quebec life. In the first printing of the definitive version, in which 18 ministers have participated, 25,000 copies will be issued.

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CSO: 3100

'LA PRESSE' COMMENTS ON WHITE PAPER

Montreal LA PRESSE in French 8 May 78 p A 4

[Commentary by Marcel Adam: "Pre-Performance Write-Up on White Paper"]

[Text] The publication of the White Paper on cultural development, first scheduled for last December, was later postponed. A few leaks and a long interview granted by Minister Camille Laurin to a Montreal newspaper, in March, revealed some of the general guidelines for this project. Last Friday another leak put into circulation a version of this document said to be nearly definitive. This is extensively summarized in LA PRESSE today.

According to an associate of Minister Camille Laurin, who is responsible for this enterprise, this is a rough draft which is expected to undergo a few more changes between now and the time of its publication, in June.

This text, which has been in the works for a year now, announces a considerable, ambitious, even reckless plan, since its objective is a plan for society which affects all of the cultural life of the Francophone Quebecers. It seeks, in fact, to carry out a real cultural revolution, organized by a government which will inspire it and guide it through comprehensive incentive and coercive measures.

Two other governments have tackled this problem in the past, but the magnitude and the difficulty of the task dismayed them. Some 12 years ago the Lesage government decided to shelve a White Paper signed by Minister Pierre Laporte. And 4 years ago the Bourassa government failed to take any action on a similar study by Jean-Paul L'Allier.

The Laurin plan apparently goes much further than its predecessors. Not only does it propose an overall cultural development policy which will take into account minorities, social class, regional, sex and age differences, but also a policy on lifestyles and leisure time, community equipment, cultural industries, patrimony and artistic creation, education and scientific research.

But the birth of the Laurin Cultural plan is probably no more difficult than the one which resulted in the charter of the French language last year. The document has already been the subject of numerous studies in ministerial cabinet meetings. It has been modified several times and it will undergo further substantial changes between now and the time of its official publication.

It appears that once more, Levesque and Laurin are not on the same wavelength concerning the cultural policy which should be drawn up and that Levesque is no more comfortable with Dr Laurin's project than he was with the proposed language charter. Moreover, he certainly does not view with enthusiasm the prospect of seeing Quebec engage once more in a long and distressing debate on cultural matters. Particularly after having promised, at the beginning of the session, to tackle concretely and effectively priorities which are more economic and administrative than cultural.

Because the government would indubitably prefer to avoid seeing this White Paper create too big a stir in a society which has not completely recovered from the lively controversy created particularly by the language and automobile insurance laws, it is permissible to believe that the leaks concerning this White Paper do not embarrass it perhaps as much as one might think, since they will allow it to test public opinion before the final changes in the document are made.

Many citizens will rejoice to see a government finally tackling courageously a problem which has always been, in the past, the least of the government's concerns.

But because it involves an overall plan, which sets forth a government philosophy in cultural matters and announces extensive state intervention in all areas of cultural activity, we can also foresee that it will be difficult to reach a consensus and that the debate will be long and vigorous. If there is any doubt about this, let us remember the lively reactions aroused by the few revelations on this subject made by Dr Laurin last March.

Since a rough draft of a document cannot be treated like a real policy until the government has granted it its imprimatur, it would perhaps be wrong to enter into public discussion by undertaking a critical analysis of material which is not yet in its final form.

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CSO: 3100

## LEAKED VERSION OF QUEBEC CULTURAL WHITE PAPER SUMMARIZED

Montreal LA PRESSE in French 8 May 78 p A 7

[Article by Ingrid Saumart: "The Cultural White Paper. Rough Draft of an Ideal Society Which Threatens to Unsettle the Quebec Political Climate"]

[Text] Minister Camille Laurin's Cultural White Paper is more than an instrument intended to repatriate to Quebec old possessions dispersed to the four corners of the earth. This long sociological analysis, which reflects the concerns of its authors, the minister in charge of cultural development and his assistant minister, Fernand Dumont, opens out into a rough draft of an ideal society, the realization of which would imply the participation of a whole people and the unsettling of the habits of that same people.

This big project, which may appear Utopian to some, threatens to unsettle the Quebec political climate, on the eve of the referendum, through the impact on society of the popular consultations which will follow its publication, scheduled for June.

While disclaiming any desire to impose on the Quebecers new cultural structures, the government intends, however, to give the people the necessary means to acquire them.

"It is the Quebecers who are making their culture, the White Paper introduction says. "It is not the Quebec government. But the government is not a patchwork of different administrations, it must participate in this task of all its citizens."

In order to contribute to the setting up of this future society, the government intends to prepare a series of measures, some of which are already defined in the White Paper.

### Communications:

--Law on the media, controlling the ownership and administration of written or electronic media.



- Permanent parliamentary committee on the right to information.
- Decentralization of television networks.
- Creation of an educational radio network (Radio-Quebec).
- Decentralization of cable distribution.
- Creation of a general communications administration.

#### Cultural Affairs

- Creation of SODIC (Cultural Industries Development Company).
- Creation of a supply and distribution cooperative.
- Creation of a popular and professional arts and crafts school.
- Creation of a national museum for popular arts and traditions.
- Creation of a council on culture.
- Repatriation of royalties.

#### Patrimony

- Relocation of the Contemporary Art Museum.
- Creation of a natural sciences museum.
- Creation of a science and technology museum.
- Repatriation of national museums and parks.

#### Education

- Pedagogical innovation and participation of parents in primary-secondary education.
- Revision of CEGEPS [expansion unknown] educational program.
- Increased emphasis on departments in the universities.

Social Affairs

- Adjustment in the matter of equality of the sexes.
- Reorientation of medicine and of the health industries as a whole.
- Redistribution of health resources.

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CSO: 3100

QUEBEC MINISTER DEFENDS POLICY ON ASBESTOS

Montreal LE DEVOIR in French 10 May 78 p 5

[Article by Yves Berube: "Asbestos, a source of wealth for Quebec"]

[Text] At a moment when the work of the parliamentary committee charged with examining the draft of Law 70, creating the National Asbestos Company, is being cut to pieces in Quebec, Mr. Yves Berube, minister of natural wealth, summarizes for LE DEVOIR the principal arguments which he has cited in recent months to defend the government's asbestos policy.

In a social-economic report on Quebec--ordered by the old administration and recently completed by a group of distinguished economists from the OPDQ[expansion unknown]--we will find a very keen analysis of Quebec's economic "decline" which began more than a decade ago. In an apocalyptic vision of the Quebec of tomorrow, the authors paint a rather disquieting picture of Quebec: "By the end of 1985, the unemployment rate in Quebec will have become the highest in Canada, Terre-Neuve. By the end of 1985, the exodus from the research centers of the multinationals will have been almost complete and in 1985 only Hydro-Quebec and Asbestos Quebec will be involved in any major research activity.

As a matter of fact, asbestos remains one of the only sources of wealth which seems to give Quebec some advantage in its efforts at economic emancipation. Quebec's output of this mineral accounts for 80% of the North American output, 65% of the Free World output, and 33% of world output; this latter fraction is still underestimated in view of the fact that the calculation method is more generous than ours, adopted by the Soviets in evaluating their output.

We not only have this fiber in large quantities; it is moreover of top quality. Thus we are not producing blue fiber (crocidolite), which is considered more toxic, and the length of our fiber makes it a preferred

raw material for a number of applications.

Besides, this is not a passing advantage since the mineral reserves here are almost incalculable and since we can speak in terms of possible reserves of 1.5 billion pounds, permitting continuous production for at least 100 years. As for Quebec's experience in this mining area, it goes back 100 years and thus gives us a very definite advantage over our competitors.

To these comparative advantages of our asbestos in Quebec, we must add the fact that the prospects for world demand are definitely going up.

Such a prospect however must not cause us to ignore health problems connected with the use of asbestos. The chemical composition of asbestos identifies it with siliceous materials which constitute the essence of the earth's crust and with which man is in daily contact. It is however its fibrous structure which seems to give it undesirable pathogenic properties whose repercussions have been maximized because of irresponsible use of the fiber over many years. Although we do not have all of the knowledge necessary to enable us to assert that its cancer-causing properties are zero beyond a certain level, the most recent research at this moment enables us to look forward to a speedy solution regarding future use. In the meantime, the most elementary wisdom demands that we reduce those uses which uselessly expose the population in daily contact with the free fiber; this, by the way, is in line with recent recommendations submitted to the prime ministers of the EEC, with which we can agree. After having discarded the intolerable uses of asbestos, the government--guided in this respect by a rigorous and independent scientific report--could identify the numerous safe uses for asbestos and give it the place which it can occupy in our economy because asbestos is not a product that is about to disappear.

Indeed, we generally do not have any information as to the dangers inherent in asbestos substitutes. And although certain substitutes present advantages both in terms of cost and in terms of the physical-mechanical properties, asbestos still holds many irreplaceable aces. This is undoubtedly what explains why the demand projections, prepared by the Federal Ministry of Mines, the Ministry of Economic Expansion, the United States Department of the Interior, and SORES [expansion unknown], lead us to anticipate a shortage between now and 1980; this shortage is going to get worse until the year 2000 with an annual increase in demand amounting to 4%. Here undoubtedly is the explanation for the fact that a rise in the price of the fiber, in other words, a doubling of the price over the past 3 years, has little effect on the demand.

## A Source of Wealth for Others

In spite of the rather Quebecois [Quebecan] character of this source of wealth, we must deplore the fact that it has so far brought us little profit. But let the figures speak for themselves in this connection. Less than 3% of the asbestos are processed in Quebec. It was estimated in 1972 that the added value per ton of fiber produced in Quebec came to around \$140 [Canadian?] whereas this same fiber, processed into a set of brakes, was worth \$9,800 [Canadian?]. This brake market by itself represents a value that is almost four times higher than the value of the total Quebec fiber output based on 1974 figures.

Moreover, in this sector as in quite a few others, the industry is still completely under foreign control: Johns-Manville, Asarco, Jim Walter, and General Dynamics, all of them Americans, taking the lion's share. Turner and Newall are British and take what is left.

The makeup of this industry as we go up the line is aimed at guaranteeing a reliable flow of supply and stable prices for enterprises whose essential activities are located abroad. On that subject, the reader might be interested in learning more about the process of alienation of this sector of our economy, as presented in a report on the prospects of industrial development of asbestos in Quebec issued by the federal government itself (MEER, September 1976); it reports the analysis which was proposed by Normand Alexandre, starting in 1975.

### Quebec's Disadvantages

If we want to promote a rising processing industry, we must guard against a Manichean view of history, with the multinationals fomenting some dark machination against an exploited Quebec. Instead we must look for the economic causes which resulted in a situation where less than 3% of our fiber are processed in Quebec.

On the one hand, we have an industry which is rather well put together, entirely geared toward exports, where all decisions affecting our industry are made abroad so that we perhaps do not have the motivation necessary for trying to do the processing in Quebec. This effort would have to be promoted by a political determination arising in Quebec. We must however realize that the British North America Act does not permit a province to take legislative or fiscal measures in that restraining the free circulation of products. Numerous juridical decisions have established this principle rather solidly; here we might mention merely A.G. British Columbia and McDonald Murphy Lumber Company, (1930) A.C. 357; Texeda Mines Ltd and A.G. British Columbia, (1960) R.C.S. 717 and A.G. Manitoba and Manitoba Egg and Poultry Association, (1971) R.C.S. 689.



It is interesting to note that deputies Biron, Brochu, Ciaccia and Forget, at one moment or another in the asbestos debate, all suggested outlines for counterproposals to the government's policy. All of these attempts--which revolved around powers which Quebec has not yet received--failed; they were all torpedoed by their unconstitutionality.

It now remains for us to explain how it happened that the most ardent defenders of federalism proposed measures of which literally undermine the very foundations of our constitution. One must certainly take a very close look at the evolution of these men who are in favor of sovereignty if they follow their hearts but who are federalists by reflex.

On top of this first factor, which restricts the possible political choices, we have two comparative disadvantages arising from processing in Quebec. The Canadian market remains too small to justify a major processing industry. Consequently, this industry would have to have a good sales network abroad, tied to a rather narrow local base. Now, the finished product transportation costs inevitably are higher than the raw fiber transportation costs. For example, it costs \$7 [Canadian] per ton more to export asbestos-cement to Toronto than to transport the fiber itself. The manufacturer therefore has every reason to put his plant near the market, rather than in Quebec. To this first inconvenience we must add the existence of customs duties which are higher on finished products than on fibers. Thus, the export of asbestos fabric to the United States implies a duty which comes to 4.5% of the product value, in other words, something like \$500 per ton.

Of course, these factors do not equally influence all products but their combination necessarily brings about a disadvantage when it comes to putting a plant in Quebec, far from the market. Quebec in general hardly offers anything more than the low cost of its energy and that is a comparative advantage; we therefore understand why--in the absence of political constraints--chances for having a processing industry in Quebec are rather slim.

#### Asbestos Policy

Working out an asbestos policy must therefore essentially boil down to modifying current conditions on the market so as to lead to processing in Quebec quite naturally. A government which would reach only asbestos processing, without making up for the above mentioned disadvantages, will find itself in trouble when dealing with a foreign competitor who would be able to supply himself with fiber at the same price or even a better price if he were to put the operation together up the line. The failure of a government company would thus be quite plain for anyone to see, such as the congenital inability of the Quebecois [Quebecans] or the government to run their affairs.

## Research

Our industry such as it is constituted presently has done little to promote research. The fiber is sold rather well but production capacities do not permit any too rapid expansion. Consequently, little has been done to develop new uses for asbestos. On the other hand, a new industry, which wants to guarantee its survival, has no choice but to orient its activities toward new uses for asbestos.

It is therefore absolutely necessary to establish in Quebec an asbestos research center whose first mission would be to discover new products based on asbestos, as well as new, healthier and more efficient manufacturing technologies. The success of this center will depend to a great extent on the ease of technology transfer and the industrial fallout will come all the more rapidly and will be all the more important, to the extent that the present asbestos industry becomes heavily involved in the establishment in such an institute.

We must however accompany this technological mission with a second one which is as important: Research on health and safety in relation to asbestos utilization. This type of research can only be governmental so as to preserve the objective, if not the credibility of the results. Asbestos will not be able to overcome the resistance which it arouses until it manages to manufacture products without fiber emission and until it can properly define its dangers and thus minimize certain purely emotional reactions toward asbestos.

## Processing

The liberal and unionist opposition have been repeating their support for the basic idea of processing but they have been rejecting the methods involved in the government proposal. Nevertheless, the opposition has never been able to indicate how it would overcome the comparative disadvantages of a processing operation in Quebec. We must realize that, if Quebec becomes directly involved in processing, the distribution of its products entails the risk of turning into a big headache. The fact is that asbestos products generally constitute a part of a more complete line of products put out by the foreign manufacturer. We must then either build up this distribution network abroad or we must tie it in with the existing network. If we take this second alternative, we really cannot see what advantage would be offered by a Quebec which could deliver only at higher prices.

Indeed, Quebec benefits only from one advantage here, that is, the advantage of having the fiber on its own territory, without having the tools, on the political level, for transforming this reality into a competitive advantage. Denying this reality means committing Quebec to one of the riskiest adventures. We really cannot see how--without purchasing an already existing mine--our future SNA (NATIONAL ASBESTOS COMPANY) could buy its fiber and place its product on a market dominated by its competitors. Let us remember that the latter themselves can make up advantageous prices for their fiber, with their system of branches, without taking into account the tariff and transportation advantages which they enjoy.

These indispensable steps in drafting a realistic asbestos policy leads us to our first conclusion.

An asbestos policy necessarily signifies a modification in existing conditions. We can at least visualize two advantages which Quebec could exploit so as to penetrate the existing market. On the one hand, there are manufacturers abroad whose supply depends on their competitors in a certain sense. While any increase in their activities presupposes a certain degree of reliability in terms of the flow of supply, one can reasonably imagine that these manufacturers would elect to establish themselves in Quebec in exchange for a guaranteed supply. No existing mine is obviously interested in such an understanding but the same would not be true if Quebec were to become an important producer.

Similarly, Quebec could decide to sacrifice certain direct taxes on its mining company so that its National Company would get an operating margin which would enable it to come up with lower production costs. A simple calculation shows that, if we want to increase Quebec asbestos processing by 7%, the reduction in the price which the Asbestos Company can charge--a company which will have a rather considerable profit margin because of tax immunity--may come to something like \$10 per ton of fiber for every million dollars in profit reduction. That would lead to a cut of \$1.25 per ton of asbestos-cement, a cut of \$20.00 for asbestos wire, or \$4.50 for linoleum backing. It then follows that, in the light of this new element, all SORES calculations would have to be done over again.

As far as the government's revenue loss deriving from such a strategy is concerned, the mere fact of introducing the taxes collected on all of these new industrial activities into the calculation would largely make up for the loss.

#### Development Agreements

In view of the comparative advantage accruing to the SNA, one might admit that the Quebec asbestos industries could suffer disloyal competition.

This criticism is well-founded and will demand the government to find ways to orient certain activities carried out by the SNA; this is what explains the power of issuing directives which the minister has under the company charter. Generally speaking, we must not have a situation where the SNA would enter into direct competition with the few Quebec asbestos processing outfits.

From that viewpoint, development agreements represent the most powerful instrument for the harmonious development of our industry. This idea is not new, to be sure, and it has perhaps acquired a reputation of ineffectiveness in the past. To this very day, however, the government has not had anything to offer in exchange for the proposals submitted by the industry, within a contract that turns out to be rather worthwhile to the extent that the two parties would equally benefit from the understanding.

Thus we have recently seen Quebec sign such understandings, involving either financial aid or access to advantageous mining land. In the present case, Quebec can, through SNA, offer advantages while protecting its co-contractor against certain inconveniences resulting from privileged competition. It is through these understandings that we want to get the mining industry to share the industrial research effort which the state wishes to pursue.

This is why the development understanding is the privileged instrument promoting the development of a processing industry--something to be done in concert with existing industries. Like the advantages, the understanding must make it possible to streamline the direct intervention of the government which may assume a character of conflict. At the same time, the presence of the government as a powerful partner in the asbestos club can facilitate the conclusion of such understandings.

#### Conclusion

Finally, asbestos policy consists of a certain dosage of government intervention within a private asbestos sector which has become dynamic. Few people have emphasized the combination of processing with research, the ownership of a fiber source, and the development agreement, with private partners both from Quebec and elsewhere, to promote processing. It goes without saying that the absence of constitutional means eliminates a simple and definitely more conventional approach to the control of the entire industry. This constitutional drawback necessitates a policy made up of nuances which, according to all evidence, has not been understood by everybody.

Some people accepted the idea from the very beginning that Quebec would necessarily lose out by buying the asbestos company while failing to emphasize the purchase, by Ottawa, of Texasgulf and Sulphur and Canadair (likewise belonging to General Dynamics). They forget or they are not familiar with the Saskatchewan law permitting a government company gradually to purchase the potassium mines (even expropriation is permitted) and they do not at all stress the considerable profits which Saskatchewan is earning as a result of this policy.

Indeed, two factors contributed to the distortion of asbestos policy interpretation: prejudice on the part of the opposition which claims that the government would not be smart enough to offer a fair price for the asbestos company and, as the second factor, the error of taking the part for the whole, i.e., assuming that the purchase of the company is the main purpose of asbestos policy, whereas this is only one of the tools for implementing this policy.

5058

CSO: 3100



SOCIALIST PEOPLE'S PARTY MEET ATTACKS CP, GOVERNMENT

Copenhagen BERLINGSKE TIDENDE in Danish 13 Apr 78 p 6

[Article by Hans Engell: "SP Refuses to Act As Safety Net For Government's Policies"]

[Text] The Socialist People's Party (SP) refuses to act as a safety net for the government's political and economic maneuvers. Gert Petersen makes this clear in a written report to the national party congress, which is meeting in Copenhagen during the Day of Prayer holiday. In the report, which has been approved by the party's central committee, Gert Petersen says the government should give up its planned income policy and should instead try to form a majority in support of a unified economic policy favoring employment and reduction of the balance-of-payment deficit.

"If the government does not want to go along with this and continues to seek support for the income policy from parties which in reality are only out to stab the government, it cannot expect us to save them when the hour of truth is at hand and these parties turn against the government because it was not willing to accept their kind of income policy," says the SP chairman. The report also points out that the government "should stop dreaming about passing an OD bill in a parliament like this one. That would require a different majority, both among the people and in Parliament."

With respect to organization, Gert Petersen discusses local elections and the SP split. "We must admit that we actually lost a lot of blood and that we inevitably added some new blood to the party," the report states. The "new blood" could mean that some former SP members returned to the party and the chairman calls on party members "never to be motivated by vindictiveness."

The report also touches on the subject of cooperation and the disunity within the People's Movement concerning the EEC, in which SP, the communists and the Single-Tax Party are also involved. The Socialist Left Party



is not involved in the movement. "As you know, this situation has led to some upheavals in the People's Movement lately. Some insist that SP caused these upheavals, but we deny that. The reason is that the movement cannot be called a non-party organization; a single party dominates it or seeks to dominate it. Such conjectures should not even come up for consideration. We were not sufficiently interested in this aspect before. The experiences we have gained lead us to point out that, in order to successfully function as a non-party organization, one or more parties cannot seek, or inadvertently aspire to dominate the work of the organization," says Gert Petersen.

Among other matters, the party congress will elect a new central committee for SP. This is done partly by congress, where party delegates elect 22 members. The other 13 members will be elected according to county council procedures with all members voting.

8952

CSO: 3106

## PLAN TO EVACUATE CAPITOL IF NUCLEAR PLANT ACCIDENT

Copenhagen BERLINGSKE TIDENDE in Danish 12 Apr 78 p 6

[Text] Already in May 1968 Danish authorities were informed of plans to construct an atomic power plant at Barseback in Skane. The Health Committee and the then Atomic Energy Commission were informed about Swedish "Sydkrafts" plans. In addition, Danish authorities have been kept informed about the plant's construction and operation and have discussed the issue with Swedish authorities.

This is what Environmental Minister Niels Matthiasen tells Alice Hedegaard, a member of Parliament and the Single-Tax Party. She asked the minister if he could confirm former prime minister Hilmar Baunsgaard's comments to BERLINGSKE TIDENDE 27 March that Denmark had never approved the construction of an atomic power plant at Barseback.

### A Matter For Swedes

Niels Matthiasen says that Danish authorities did not approve the construction and operation of Barseback I and II, "since Swedish authorities are responsible for the approval of Swedish plants."

"But this did not hinder Danish authorities from keeping abreast of the project and there is no reason for anxiety in Denmark," according to Niels Matthiasen's statement.

### Evacuation Plans

"Swedish authorities have been willing to provide us with technical information on the Barseback plant and, ever since we were informed of the Barseback plans in 1968, Danish authorities have carefully considered the safety aspect of the atomic plant as far as Denmark is concerned."

Recently these considerations led to some changes in Denmark's emergency preparedness plan, resulting from a most serious accident at the atomic

plant on the other side of Oresund. At the present time people in Copenhagen are requested to close their doors and windows and to lie down under a table when the alarm goes off, but the director of the Environmental Committee, Ejler Koch, is now considering evacuating persons who live in the Copenhagen area, based on recent American reports dealing with the accident risk. Partial evacuation of the population in Malmo and Lund is also being considered.

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CSO: 3106

MINISTRY TO WAIT FOR POWER COMPANIES' BEFORE OWN N-REPORT

Copenhagen BERLINGSKE TIDENDE in Danish 12 Apr 78 p 6

[Text] The Environmental Committee will not initiate an immediate investigation of the results of an accident at the atomic power plant near Gylling-nas, a site which Elsam chose to build the first Danish plant. The Organization For Information on Atomic Energy has suggested to Environmental Minister Niels Matthiasen that such an investigation should be carried out.

No Surprises

In a letter to the Organization for Information on Atomic Energy, Environmental Minister Niels Matthiasen writes that the Environmental Committee did not initiate an investigation of the accident "because such an investigation -- to have more than just hypothetical value -- requires more concrete information about the plant's construction. It is the power companies' responsibility to petition and present such information."

Based on Danish rules of sanction, we will not be faced with another surprise in connection with a Danish atomic power plant. We are talking about the Copenhagen evacuation plan, for instance, in the event of an accident at Barseback.

Niels Matthiasen calls attention to the fact that safety and environmental regulations connected with atomic power plants contain the provision that the Environmental Minister must first approve the site after a large number of circumstances have been considered, including possible consequences of the plant's daily operation as well as accidents of varying degree. Furthermore, the Environmental Minister can only approve an atomic plant site after Parliament has given its approval.

Furthermore, special permits covering planning and construction can only be issued by the Environmental Minister after he has discussed them with the Environmental Committee in Parliament.

## Power Plants Investigating

Based on the security measures which are built into Danish licensing procedures, Environmental Minister Niels Matthiasen does not see any reason for the ministry to start an investigation of the atomic plant accident near Gyllingnas.

"But I would like to add," writes Niels Matthiasen, "that, from an environmental point of view, my opinion is that an investigation relative to environmental questions should be publicized and debated as widely as possible as soon as it is completed. The Environmental Committee will, of course, urge Elsam to publicize the findings as soon as they become available and the Environmental Committee will publicize its comments."

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CSO: 3106

TRADE MINISTRY REVEALS ENERGY DEVELOPMENT PROGRAM

Copenhagen BERLINGSKE TIDENDE in Danish 10 Apr 78 p 6

[Article by Palle Tornqvist: "Denmark Investigates a Number of Energy Possibilities"]

[Excerpt] During the next few years the Government will spend 182 million kroner in connection with an energy development program which will provide the basis for a choice of energy supplies far into the future.

The utilization of fusion energy, energy fused in a magnetic bottle under extreme temperatures, warm underground water storage and a better utilization of heat in manure are examples of the Trade Ministry's energy development program, which illustrate the scope of the most comprehensive energy research project so far.

The Finance Committee in Parliament has appropriated 182 million kroner for the second phase of the program, which includes expanding Danish energy research and development. This means that the government's total support of energy development has grown from 50 million kroner in 1975 to almost 100 million kroner in 1977 and the Ministry of Trade anticipates that investment of public funds will reach almost 160 million kroner in 1979. The energy research program is in effect until 1982.

Earlier in the program's second phase the Finance Committee appropriated money for geothermal research projects and for Danish participation in projects sponsored by the International Energy Agency. Our share of this cost is 31 million kroner.

Many Sources of Energy

Over 50 million kroner will be used to continue the following projects: the search for uranium on South Greenland, oil and gas on Greenland, large windmill projects, low energy housing, solar heat, heating existing buildings more economically, as well as reports and our participation in the International Energy Agency.



New projects, which have not yet been started, will cost about 80 million kroner. These include experimental uranium extraction, the storage of energy, small windmills, fusion energy and the promotion of industrial participation in energy research so that promising energy technology can be developed and marketed.

It will cost 100 million kroner to research a number of areas which were not included in the government's energy plan, "Danish Energy Policy 1976." These are: geothermal energy, coal on Greenland, testing energy levels in coal, recycling of agricultural energy and aid to new inventions in the field of energy.

The Trade Ministry assumes that private industry will support the energy research program, either with capital or services. Construction of low energy housing, for example, will be done at builders' expense, while the government will assume costs in connection with measuring programs. To the greatest extent possible the government will take advantage of existing and planned EEC aid and other incomes connected with the program.

The greatest single expense will be in connection with experiments to improve uranium extraction. An experimental mill will be constructed which, according to newly developed methods, is supposed to process two to three tons of uranium in a 24-hour period. This project will cost 36.3 million kroner.

#### Underground Warm Water Reservoirs

The continental base beyond the east coast of Greenland may contain large oil and gas deposits. The area measures 348,000 square kilometers, or eight times the land area of Denmark. The United States has taken several measurements which will be made available to us. Supplemental magnetic measurements will be made from the air and a 51,000 kilometer area will be covered and measured. Greenland's Geological Research will head this project, which will cost less than 8 billion kroner. Most of this money will be spent in 1979.

If energy in the form of warm water can be stored underground, we can save energy in connection with a remote heating facility. We understand that a storage capacity equaling 10 percent of our annual electrical production could reduce the size of our heating facility by 20 percent. Short-term storage is being considered, which will help even up fluctuations in our energy consumption within a 24-hour period, as well as temporary storage which, combined with solar energy, can be saved and used within a 10 to 14-day period when the sun does not shine. Finally, we can talk about long-term storage, which will help adjust the heating periods in a remote heating facility throughout the year.

The Trade Ministry will construct demonstration facility which will be connected to a remote heating system. Heating the underground storage is expected to take 4 months and the experiment will last 2 years. Geological

mapping should reveal underground locations that will be suitable for warm water storage.

Smaller warm water storage areas for individual homes will also be investigated. They will be needed to make low energy homes more economical. While research connected with large warm water storage facilities will cost 6.7 million kroner, the cost of smaller facilities will be a scant 3 million kroner.

Research connected with the use of wind energy will be divided into two projects, according to the Ministry of Trade. Research on smaller windmills will be done at the Riso test center; two large wind energy installations will be constructed at the Nibe Shore test center.

Ten percent of Denmark's electrical consumption can be supplied by means of wind energy, either by large windmills alone or by a combination of large and small windmills.

By using only small windmills in the production of energy, one to two percent of our electrical consumption will be supplied by setting up 10,000 to 30,000 windmills. About 2,000 large windmills will be needed to cover 10 percent of our electrical needs.

The Gedser windmill is already operating on a limited test basis and the two windmills which are scheduled to go into operation in West Jutland will be 45 meters high with a 40-meter blade span. Windmills which are erected for test purposes will give a true picture of the economic feasibility of developing wind energy in Denmark. Between 1,000 and 2,000 suitable sites have been designated and a wind energy station is being planned in detail in connection with the second phase of the program. There is talk about a station which might be used in the future production of wind energy in Denmark. The government is spending 19.1 million kroner on wind energy research.

Fusion energy is the world's most advanced form of energy. It is still in the laboratory stage and will not play a significant role in this century. There is talk of fusing light atomic nuclei under heat. The fuel used for heating is heavy hydrogen, which can be extracted from the ocean. It will cost 20 ore to produce energy equivalent to 300 liter oil. The price of the fuel is no problem. However, practical problems in connection with the high temperatures that are needed for the process have not yet been solved. Denmark contributes 26 million kroner to fusion research by EEC countries, which is coordinated by Euratom. A joint research center is being built in Culham, England and research is also being done in laboratories by individual member countries.

The Riso test center is researching fusion energy, based on a contract between Riso and Euratom which runs until 1980. The government's share of the cost is a scant 6 million kroner, while Riso's normal budget calls for 20 million kroner.

## Coal For 5 Years

Greenland's Geological Research has found coal reserves of 20 to 30 tons at Nugssuaq on West Greenland and these figures could be much higher. Coal consumption in Denmark is growing right now; we use 5 million tons a year.

A number of investigations have been planned under the energy research program to quickly obtain a thorough basis upon which to decide about less experimental mining, for instance, or perhaps abandoning efforts to utilize our coal deposits.

Detailed topographical maps covering two designated areas will be drawn up this summer and detailed geological investigations will be made and samples taken of all the different coal layers. Greenland's Geological Research will undertake a boring program this summer, drilling to a depth of 300 meters. One boring experiment will be done 1,000 meters below the surface. The search for coal on West Greenland will cost the government 17.7 million kroner. In order to better utilize the energy in coal, the Trade Ministry under the leadership of Dansk Kedelforening will test energy levels in various types of coal. They will also construct a demonstration plant in connection with a remote heating center. [Text incomplete]

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CSO: 3106

# DISSIDENT COMMUNISTS VIEW PCF CENTRAL COMMITTEE ERRORS

Paris LE COMMUNISTE in French May 78 pp 1, 5

[Article "Despite a Disastrous Balance Sheet, the CC Persists" by Paul Jourdan]

[Text] The discussion developed in the Party against the wishes of its leaders and today the latter would like for Georges Marchais' report to set a limit to it. The leaders fear discussion because they are afraid that the militants will demand an accounting of them.

And there is something to it! What remains of the "so right" policy of union of the left around a common government program? Nothing! Because for this policy to exist, a common program is necessary, and to have a common program there must be at least two, which is not the case. Result -- the Party finds itself without a policy. And that could not have ended otherwise, sooner or later. Social-democracy, as it has always done in the past, after having benefited from the pledge of the Party, puts it in face of the dilemma: either run things in the most classic way, which is capitalism, or break away.

And it chose this moment in such a way as to put the Party in the position of a defendant, using the massive support of all the means of information of the bourgeoisie. But who put the Party in such a bad posture if not the leaders who, not so long ago, were explaining that the Socialist Party had changed. Today they explain the opposite. This does not prevent them, while the bourgeoisie is piling the faggots around the Party, from continuing in the name of the union of the left to chant "long live the union of the left."

It is true that for the good of a bad cause, and through inability to reset the tiller of a bad policy, Marchais finds that it is not going so badly and peremptorily asserts: "We emerge strengthened from these six years of combat." But what is the secretary-general talking about? The passage from which this phrase is extracted is a masterpiece of dishonesty which consists of camouflaging a new decline of the Party in election percentages.

This phenomena is serious because it sanctions a decline in the influence of the Party and largely goes beyond the directly electoral framework. This is what is shown by the testimony of the disappointments of the professional elections of the CGT, which, on the trade union level, reflect the class aspirations of the workers. It is, moreover, this weakening which permits the left-wing social democrats of the stamp of Edmond Maire, who became a titular member of the Socialist Party by chance in the same batch as Rocard, to effectively break the action pact with the CGT, preferring idle debates with Ceyrac to meetings with Seguy.

Far from having favored the popular union -- that is, the union of the working class with the middle class -- the policy of union of the left -- that is to say union with the left wing of the bourgeoisie -- has permitted the latter seriously to divide the workers, and to demoralize them on the eve of a simple election fight.

And it is not only the mobilization capacity of the workers which is thus affected, but also that of the Party. Of what good is a figure of 630,000 members when one ascertains that at a time when it had half as many members as today, the Party did not have such a poor mobilization and organization capacity.

But the leadership, incapable of getting out of its opportunist quagmire, does not see this reality. Since it is impossible at the moment to gather up the threads of the policy of union of the left again, it continues no less to get stuck in the line of the 22nd Congress. If the last Central Committee reflects at first glance a rejection of the ultras of this line who would like everything immediately at the risk of destroying the Party, it reflects no less, and at the same time, one more step on the road which converges with that of these ultras.

It is this approach which leads Georges Marchais to credit the line of the 22nd Congress with its "first beneficial effects" which are so hard to perceive that he carefully avoids talking about them.

"The main contribution of this session of the Central Committee", the secretary-general took pains to emphasize during the press conference of last May 3, is that "it concerns undertaking from today, in the conditions of today, the democratization of society." One thinks one is dreaming. Especially if one thinks of the deepening authoritarianism of the bourgeois state and the repressive measures against workers in struggle and militants in the enterprises.

Actually, what is under way is that the opportunist current is dragging the Party into a process of integration into the bourgeois state by means of a new political practice. It is this new practice which Georges Marchais inaugurated by going to the Elysee after the elections, followed on 12 May by the communist group in the National Assembly. Let us note here also in any case that while the first Barre plan had been followed by the riposte



of a general strike, the third Barre plan which aggravates the preceding ones gets in reply only demands for negotiations which verge on trickery. Let us also note that in a period when those in power have never resorted to arms so much since 1962 -- whether it be in Chad, Mauritania, Lebanon or elsewhere -- the opportunists not only fail to organize the struggle against these neo-colonialist-type expeditions, but in addition agree to lend themselves to a masquerade of discussions with the Elysee on disarmament.

It is not by chance that in his report to the central committee Georges Marchais asserts this counter-truth of "the international character of the crisis" -- socialist countries included -- and adds "that no country is succeeding in escaping it." From that to accepting a certain dose of austerity as the Italian and Spanish eurocommunists have already done, is not very far. That it is associated with a goodly dose of calumny of the socialist countries is well within the logic of a policy which slips onto the route of class collaboration. To such an extent that among the reasons for the failures of the Party, Georges Marchais gives prominence to the "situation" in the socialist countries. When that goes badly, the euro-communists do as the bourgeois do: unable to do anything else, they point the accusing finger at "Moscow."

In any case, as of now they have set the beacons toward the 23rd Congress, which should incorporate such "enrichments" as have occurred since the 22nd Congress.

Nothing would be more false than to conceal the eurocommunist delinquency of the opportunist movement which is infecting the Party. There is no way out other than the qualitative and quantitative development and strengthening of the anti-opportunist movement. There is no way out except an absolute rejection, by this movement, of the electoralism, legalism, and pacifism which has led the Party where it is today.

What is necessary is to fight for an authentically communist program which, contrary to that of the opportunists, does not begin by making concessions before engaging in battle. Quite the contrary, it must loudly and strongly assert the will of the Party and the working class to take over completely and totally the inheritance of the big bourgeoisie and all its clerks of left or right. It must assert loudly and strongly its desire to establish direct links with other peoples, beginning with those who are building socialism. It must be a program of mass mobilization for anti-capitalist and anti-imperialist action.

What is necessary is to firmly raise again on high the banner of communism which the French eurocommunists have abandoned and join battle with the latter to restore to our organization its vocation as the Party of the Revolution.

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# PCF'S MISSPENT 2 MILLION FRANCS CAUSING PROBLEMS

Paris LE MONDE in French 5 May 78 p 6

[Text] Mr Daniel Verdier, screen director and writer and member of the Communist Party, gives us his account of the affair involving the pamphlet VIVRE, edited by the PCF. The PCF news office had responded to reports on this affair published in LE MONDE on 21 April and 23-24 April.

Mr Daniel Verdier confirms the press reports in his point by point reply to the party's press release. After clarifying that he brought this up in his cell and before a membership meeting of his section on 25 April, he adds:

"It has been known for ages that the PCF opposes assaults against civil liberties in the Free World. It is also known that its opposition has been a much more recent happening and much more feeble vis-a-vis the Warsaw Pact countries. But the main point is the change that has been taking place in recent years. Now, the edifying story of the VIVRE pamphlet indicates the party leadership has taken a step backward in this arena.

"This reversal must be compared with others in the past year: the 'swing from the left rather than the swing to the left,' which recalled the good old sectarian days of invectives against the social democrats (aside from the responsibility of the PS leadership not for its 'swing to the right,' but simply for the fickleness, following conditions and alignments, of its reformist nature, inclined to concessions to the right); and the serious assaults on the revival of the still fragile democracy within the party (weak everywhere in the world) illustrated by the embarrassing censorship imposed by the party leadership on PCF members in the party press, in their press (L'HUMANITE, at the same time it waxes indignant at the banning of the Soviet director Lioubimov in PRAVDA, itself behaves like a French-colored PRAVDA) .... Not an exhaustive list.

"But that is not the worst.

"LE MONDE was not fully informed. The first version of the brochure was shredded, not after a million copies had been printed but 1.1 million copies; the second version too was shredded after 300,000 copies had been printed.

"Minimum cost of the operation, at 1.35 francs per copy (a modest estimate), plus the shredding, plus the shutdown and idleness of the presses: 2 million francs, 200 million old francs.

"When one knows how hard it is for us militants to get together a few francs, one centime and then another, the millions we need to finance our election campaigns against the fantastic means the right has at its disposal (...), for me, a communist for 21 years, out of a job three times because of my activities and ideas, ten years a full-time party worker at a miserable salary (it is nothing to be all that proud of, comrade Althusser), I feel a deep distaste for those who did all that (...)

"It would be well one day—since we demand, in the name of democracy, to know where the right gets its money—for the communist party, my party, but especially a party that belongs to no one but to its 600,000 members and to those millions of Frenchmen whose sense of let-down and despair is more profound than their expectations were high, and whose living conditions are going to get worse, it would be good for the communist party to become democratic also, centralism or not, so something like this can never happen again."

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CSO: 3100

PROFILE OF MARIE-FRANCE GARAUD GIVEN

Paris LE POINT in French 10-16 Apr 1978 pp 51-52

[Article by Andre Chambraud: "Marie-France Garaud: The Great Huntress"]

[Text] Marie-France Garaud, confidant of Chirac, determined enemy of Chaban, is one of the most influential and mysterious women of the political seraglio. Here is her portrait.

Although the biographies state that Marie-France Garaud was born in Poitiers in March 1934, that her father was a very respectable attorney, Mr Quintard, that she studied with the sisters of charity and then at the Law School, that, as an attorney, she married a Court of Appeals attorney, that she has two tenderly loved children and that she lives in a comfortably old-fashioned apartment in the 17th district, well, it is not necessary to believe all that. For Marie-France Garaud comes from somewhere else, that is to say from the heart of the ages and from our imaginations.

Of course the inattentive have not noticed this fabulous character since her initial appearance. This elegant and beautiful woman with the too-severe bun, dressed by Chanel, radiates the discreet good fortune of a provincial lucky enough to have "her" sheep and "her" Moulieres (Deux-Sevres) estate. She talks politics with humor and intelligence, brilliantly. And then, suddenly, at the shifting of a sentence, the gaze sparkles gaily, the mouth loses its pout that one thought childish and the idea dissolves, drowned, coming to an end in a smile, as if to have it excused: "You know, Mr X is a c--, he is such a liar that he ends up by telling the truth". The conversation is launched; here at last is the other Marie-France Garaud, the "traitress" or the "tigress", as Chaban says, she whom Francoise Giroud describes thus: "A fascinating person--probably one of the most detested women of France, because she has humiliated many and gone beyond that. If it happens that she is in distress one day, there will not be many who will have mercy on her. But when she wants to be pleasant, not antagonistic, it is the reverse. Formidable, yes. Antagonistic, no".

A trenchant portrait, but one that does not go to the bottom of the soul. For Marie-France Garaud is not, like Francoise Giroud, our contemporary; she belongs to that race of women who, from century to century, move through real or imaginary history, critical like the Great Mademoiselle, passionate, cynical like some others, but never dupes, and finally finding their pleasure in the spectacle of willing men dominated, devoted to their secret plans.

What plan has "la Garaud"? At first it appears simple: to exercise power in the shadow of the great. Her adventure begins in the sixties, when she makes her debut in Jean Foyer's cabinet, as Keeper of the Seal. She learns politics and Paris there, for at the time there is nothing distinguished about her; her skirts are not from any collection and her hair sometimes flies in the wind. They say that in January 1966 she tries to get into the office of Chaban-Delmas, president of the National Assembly, and he has her shown out without even receiving her.

Apparently a banal incident. Because the fateful year was not 1966 but 1967, when Marie-France Garaud, appointed legal counselor to Matignon, simultaneously made the acquaintance of three men whom she would serve from then on: a young, still unknown Secretary of State, Chirac, Prime Minister Pompidou and the latter's eminence grise, Pierre Juillet.

Pierre Juillet! Ah! It would be necessary to plunge into the depths of Gaullism to know what revenge that man was untiringly pursuing. The legend is known: the Resistance, the RPF [Rally of the French People], his cane and his limp; but less is known of his hate for the barons of Gaullism, who perhaps at the time had neglected the RPF, and the accusation of treason that several people whispered against him. In his book, "The Adventure of Loyalty", former Minister Jean Charbonnel notes in his remarks, "During the summer of 1965 he invited us to his small country seat at Creuse to state the true position of the situation. I had really been somewhat surprised by certain proposals I had heard. The unvarnished question had been asked: was de Gaulle going to present himself again in the presidential election? Would it not be preferable for him to retire because of his age and leave the position to Pompidou? But against my reactions my partners (Editor's note: one was Chirac) had not insisted".

That was in 1965; but in 1967 the time was near. With the meeting of Juillet, Chirac and Garaud it was Pompidolism, but also--without their knowing it yet--post-Pompidolism that was being secretly prepared.

Elected president in 1969, Georges Pompidou immediately surrounded himself with two pairs that were strangers to each other: on the one hand, Michel Jobert and Edouard Balladur, who dealt with large matters; on the other hand, Pierre Juillet and Marie-France Garaud, who were occupied with politician-constituent politics, "the secret cabinet". Since Pompidou appreciated his young "Rastignac in petticoats", there was laughter there, there was above all thinking, there was conspiring there against Prime Minister Jacques Chaban-Delmas, guilty of pursuing "the hazy dream" of a "new society". One day Pierre Juillet hurled at Chaban: "you are a Gaullist; I don't deny

it, you are one. But you are also the man who is bringing socialism to France. What will be left for us if you persevere?" Some months later Chaban, literally "assassinated", was to stand aside and, through the Messmer episode, Pompidou's death struggle, with Giscard in Pompidou's place it was Chirac's fortune that was being prepared in secret.

With this interrogation: how could Marie-France Garaud and Chirac make Giscard's bed in 1974, when no doubt in the bottom of their hearts they did not believe in him? Through hatred of Chaban? No doubt. Through necessity? That is also true. Giscard, faces with the mayor of Bordeaux, was the only one who carried any weight. But no doubt there was, even more, the confused feeling that a president who was presumed to be weak and tractable was preferable to a confirmed enemy, a gun at the head of your clique.

And then? Well, there was Marie-France Garaud triumphant, Chirac's adviser in the Matignon. Her office was located on the ground floor, Chirac's on the first floor. From time a commotion was heard, a door slamming and Marie-France counting, delighted: "12, 11, 10--look, the elevator is coming down--3,2, 1--it's coming; 0--it's here!"

Press affairs, surveillance of politicians, control of the Gaullist party, a thousand intrigues were knotted and unknotted in that office without leaving any traces; Marie-France never wrote anything down.

Let us go on to the ultimate crisis--Chirac's resounding resignation in 1976 and the creation of the RPR [Rally for the Republic]--in order to recall this question, asked one day by one of Giscard's close advisers: "Do you think if the president had asked Marie-France Garaud to be in his cabinet she would have accepted?" Is that a dream? We seem to have heard the interested party answer several days later, with a laugh, naturally, "Why not?"

For this is at the bottom of her drama: ruthless with mediocre people, traditionalist in her soul, abhorring flabby ideas like "reformism" or "deshrinking", conceiving policy in quasi-medieval fashion, expressing herself in a language that is unquestionably that of hunting, love, war or blood, she is, however, profoundly legitimist and suffers because that is not understood. In other times she would have been capable of having a weak sovereign stabbed to save the monarchy. But if that had failed, she would have mounted the scaffold crying, in spite of everything, "Long live the king!"

#### PHOTO CAPTIONS

1. p. 51. Marie-France Garaud in the RPR headquarters: "She never wrote anything down".

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## CHANGE IN EQUIPMENT MINISTRY DISCUSSED

Paris LE POINT in French 10-16 Apr 1978 pp 52-53

[Article by Robert Franc: "The Environment: Who Will Eat Whom?"]

[Text] "At the moment David seems to be consuming Goliath. But in the future we'll really see who eats whom." Goguenard, Wednesday afternoon, a VIP of Bridges and Roads comments in his way on the reform that places Equipment under Environment in the new government. And gives to one of the president's men, Michel d'Ornano, 54, the reins of the big Ministry of Design for Living Giscard wanted; separated yesterday, construction, housing and urbanism on the one hand and architecture and also prevention of harmful effects and the protection of nature, on the other hand, find themselves reunited.

Yesterday Goliath was still the all-powerful Equipment Ministry with its 100,000 civil servants directed by 772 engineers of the celebrated Bridges and Highways Corps created by a decision of the King's Council on 1 February 1716.

David, on the contrary, was a mere nothing. An idea of Georges Pompidou's--who was more than the football forward he was thought to be--made concrete in January 1971 by the deputy and mayor of Dijon, Robert Poujade. That first Environment Minister's ardor and faith made it easy to forget in the beginning the scarcity of men and credits allotted to that great undertaking. But afterwards, tossed about at the mercy of the necessities of politician politics, entrusted to persons who were more or less insignificant, the Environment Ministry and its 981 pioneers had real difficulty in making that priority of "qualitative" triumph in the field over the "quantitative" whose necessity VGE [Valéry Giscard d'Estaing] had presented well before the energy crisis.

At the Elysee, a young (37) engineer from Bridges, bearded, of ecologic persuasion, Pierre Richard, was charged with furnishing proposals to the president. His gaze turned toward Great Britain where, since 1971, a large Environment Ministry brings together the chief actors of the design for living. That formula will finally serve as the basis for the overthrow prepared several months ago and announced on Wednesday.



The essential thing is a reform which should be well-received. It was approved on Thursday by certain responsible ecologists like Jean-Claude Delarue, president of SOS Environment, because "it will permit the new ministry from now on to conduct a policy of urbanism and improvement instead of attempting only to limit the damage as in the past".

However, one regret and one fear are already being expressed!

The regret is that the creation of an autonomous Transport Ministry, entrusted to Joel le Theule, 48, deprives Environment of a basic tool. Roads and free-ways--detached from Equipment, which does not happen without provoking cries and whispers--but also urban transportation, trains or airports, all that refers to and conditions the design for living. No doubt it would have been more coherent to keep those sectors within the new ministry, at the price of entrusting to another the guardianship of big businesses (SCNF [French National Railroad], RATP [Independent Parisian Transport System], Air France or Transat).

The fear is that Michel d'Ornano will not surmount the resistance of the most conservative section of the Bridges engineers, rather reluctant to lose their privileges and overturn their habits. Of course the former mayor Deauville will be able to support himself from a number of "young Turks" from the Equipment administration, who have understood the urgency of a change of brand image, from that of "forward-technocrats" to whatever fits. The recent meeting of mayors, criticizing in the first place the technical guardianship of Bridges, was felt to be an alarm signal.

However, Michel d'Ornano will have to resort to all the courage that he is hiding under his courteous manner in order to prevent this big row from finally resulting in the reverse of the goal being sought. That is to say that Equipment could swallow Environment whole, conquered by its conquest.

#### PHOTO CAPTIONS

1. p. 52. Michel d'Ornano: taking time off.

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REPORT ON JEAN-PIERRE PROUTEAU

Paris LE POINT in French 10-16 Apr 1978 p 53

[Article by D.M.: "A Trowel for the Good Mason"]

[Text] Tenacity has paid off. At 47, Jean-Pierre Prouteau, radical, former grand master of the Grand Lodge of France (the GOF--the most important French Masonic jurisdiction), director of the Federation of Mutual Agricultural Organizations, in the new Barre government is in charge of small and medium-sized industries.

His hair thick, his appearance stocky, in the beginning nothing predisposed this man with the looks of a young PDG [board chairman], a former militant of the JAC [Catholic Agricultural Youth], a Mendesist to boot, to throw himself into the political battle on behalf of VGE [Valery Giscard d'Estaing] in 1974. However, at the time of the presidential election, as grand master of the Grand Lodge of France, he forced neutral on his jurisdiction, which for the first time would not support the left's candidate, Mitterrand.

In 1976 VGE entrusted to Jean-Pierre Prouteau a dual mission: to gather the middle class around the presidential majority and to promote reunification of the radical family.

So, in March 1977 Jean-Pierre Prouteau participated with Michel Debatisse (agriculture), Leon Gingenbre (PME [General Federation of Small and Medium-sized Businesses]), Yvan Charpentier (professionals) and Jacques Monnier (physicians) in the launching of the GIR (Group Initiatives and Responsibilities). An initiative that had no spectacular results, but which allows for useful contacts and which no doubt contributed in its way to the majority's success in March.

At the same time Jean-Pierre Prouteau participated, with Dr Pierre Simon (the former grand master of the Grand Lodge) in the Carrefour friendship meetings which were attended by radicals of every bent. At the time when leftist radicals are experiencing heavy disappointment, a valuable meeting place.

A man of contact and organization, Prouteau is thus part of those "good

masons" of whom Giscard spoke in his parable, part of his Norman speech on the good choice. There he is, supplied with a government trowel.

PHOTO CAPTIONS

1. p. 53. Jean-Pierre Prouteau: neutralist.

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ANDRE GIRAUD, NEW INDUSTRY MINISTER

Paris LE POINT 10-16 Apr 1978 p 53

[Article by J.L.: "ANDRE GIRAUD: An Atomic Character"]

[Text] He is a calm dynamo, his friends say. Happily for him. For Andre Giraud, 53, the new Industry minister, has often had to "charge" in order to scorn contestants and impose the idea that without nuclear power there would be no industrial salvation for France.

Chief of the Atomic Energy Commission for eight years, this giant with the appearance of a 50-year-old dancy--white hair, lightly stressed elegance--is a plodder. He learns quickly and retains what he learns for a long time. Very authoritarian also; but his competence often allows him to be that, and those who reproach him for his brutality are aware of that fact. Readily cunning, finally; when the CFDT [French Democratic Confederation of Labor] three years ago brought out a very much-commented-upon book--not always kind to the masters of the French atom--on electronuclear power, he immediately wrote to its authors to tell them that their work was one of the best he had ever read on the subject.

In fact, Andre Giraud has been a brilliant subject of the Republic for a long time. He entered first and graduated second from the Polytechnic School. The class of '45, one year before Giscard. His classmates remember that this Bordelais, son of a superintendent of schools, was bright in everything: physics and physical education, music and math.

It was in the Industry ministry--previously--that he began his engineering career. That sponsor--which today is all-powerful and occult--of the Corps of Mines afterward went into the service of the French Oil Institute. There he became one of the pioneers of development of exploitation of offshore deposits of oil. As vice-president of the Renault corporation from 1965 to 1971, in 1969 he became a director in the office of Olivier Guichard, minister of National Education. He reorganized the ministry's administrative services and then kept busy with the problems of building secondary teaching colleges. "One CES [secondary teaching college] per day" was the motto of the time.

In 1970 he became "Mr Nuclear Power", organized and modernized the expansion of that business by 35,000 salaried workers. And in France it is he who plays the top political and technical role in forming a kind of nuclear Paris-Bonn axis with respect to the American all-powerfulness. Then he cemented harmonious relations with his hierarchical superior, Rene Monory, whom he has just replaced at Industry.

Which proves, at the least, that the rare alliance of a polytechnician and a former garage mechanic can function very well.

#### PHOTO CAPTIONS

1. p 53. Andre Giraud: authoritarian.

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## DISMANTLING OF FINANCE MINISTRY BY BARRE DISCUSSED

Paris LE POINT in French 10-16 Apr 1978 pp 54-58

[Article by Georges Suffert in collaboration with Maurice Roy and Jean-Pierre Adine: "Why Barre is Dismantling the Finance Ministry"]

[Text] The Finance Ministry a Bastille? Surely not! When the sinister building was seized by the people on 14 July 1789, there were not many people in its jails. On the other hand, the majestic building--the Louvre, to be sure!--that is vulgarly designated by the term "Rivoli Street", controls 171,000 functionaries, has at its disposal around 45 pieces of real estate in the capital alone and more than 3,000 in all of France. The Bastille was the symbol of a dying time; the Finance Ministry is a power such as exists nowhere today except in the Hexagon. This is not a state within a state, it is the State itself. Rhone-Poulenc, the CGE [General Electricity Company], industrial citadels, that the Common Program wanted to nationalize, are dwarfs when compared with this formidable machinery which, since the 14th century has dominated France, contributed to making it grow and live, then became a bastion of conservatism and rigidity. Speaking of decentralization, regionalization, dispersion of responsibilities, autonomy of city halls, citizens' rights, these are, as long as the Finance Ministry opposes them with its vetoes or its inertia, so many soap bubbles. Finance, when anyone raised those ideas of looseness, of autonomy, observed those disturbances, those strings of good intentions, those admirable plans designed like the gardens of Le Notre, and laughed. Rivoli Street knew that /in every case/ [in italics] it would have the last word.

That is the truth. And the mystery was that everyone knew that truth. Two examples. A minister of the former government and the new one stated several weeks ago, "To go against the all-powerfulness of Finance is like "Aida" at the Bedarieux Opera. Everyone is saying "Let's march, let's march"--and the supernumeraries are crawling. Everyone is aware of the situation, but almost no one dares write about it. If Giscard and Barre had the audacity, they would act right away in the heat of their recent victory. But they won't do it. It would be too risky."



Another sign of the times. The scene takes place two days after the second ballot in the famous Music Pavilion hidden at the other end of the Matignon Park, which they say played such an important role during recent months. Around the table there are about 15 of the prime minister's friends. The unwritten object of the meeting: "What shall we do?" Suddenly someone takes the floor: "There's no point in wasting time. Either someone attacks Finance and has the courage to bring Rivoli Street back to what it ought to be, that is to say to one or several technical ministries, or else we are dreaming". First, a heavy silence, There were, of course, Finance inspectors there. Then everyone speaks. To say the same thing: "It has to be done. There is nothing else to do. Reforming the ministry is the preliminary to any real change". Then the oldest in the highest rank sighs, "You are all right and I share your opinion. But you know it's impossible. Even Giscard and Barre would snap their reins if they tried such a coup d'etat".

What the minister did not know, what the Music Pavilion guests did not know, what the managers of the Finance Ministry did not even suspect, was that secretly Valéry Giscard d'Estaing and Raymond Barre were organizing exactly that coup d'etat. Secretly--because the least leak could compromise the whole plan. If Finance's enormous machine had got wind of what was being prepared, it would have begun to disconnect its 100,000 telephones. It would have been transformed into what it is also, a lobby. And perhaps it would once more have succeeded in preventing the decision.

But it only learned the news on Wednesday afternoon. Like everyone else. The public at large pouted: "They're doing the same things and starting all over! Two ministers instead of one to handle Finance, that isn't a reform but a conjuring trick!" But at Rivoli Street the ambiance was quite different. The Ministry's bosses became aware in a few minutes that this time the offensive had begun. Some of them shrugged their shoulders: "It has been done before and it will run aground as it did in '36 and '45", they concluded indifferently. Others were more attentive, probably because they calculate that the government is more stable and stronger today than in 1936 and 1945 and that the climate is not so favorable to them. In any case, both are going to organize. They have been seized rapidly by a coup d'etat. But not all coups d'etat end in revolution. In several months, if they are clever--and they are much more than clever, they are intelligent and competent--if the new ministers let themselves be tied up, the attempt to change the French administration in depth will be buried. Rivoli Street will have restored its unity. And everything will continue as in the past. Giscard and Barre have cracked the fortress wall. They have not yet overcome it.

But incidentally, what is the Finance Ministry? Why has it assumed such political importance throughout the centuries? To be sure, everyone protests its all-powerfulness, but it also is a part of the dictionary of recognized ideas. The Ministry has as many enemies as friends. Moreover, they are the same; they protest when they are away from the Louvre and they come begging when they are in the least difficulty. That is true of other ministries, of prefects, of the mayors of large cities and of industrialists. If one wants to understand the phenomenon, it is necessary to describe how it works.

Five principal elements provide understanding of what is called Finance.

They collect the money, organize its distribution among those entitled to it and distribute it.

They initial (and often draft) the public administration regulations that transform the laws of their jurisdiction into enforceable regulations.

They control all the expenditures of the government and the sectors dependent on the government.

They have at their disposal men who are devoted to them in all the ministries, in public businesses, in national companies, and often even in private enterprise.

They have organized inside the Ministry itself "technical counter-ministries" which conduct surveillance on other administrations' projects.

It is impossible, without at least writing a book, to describe each of those points. We are limiting ourselves here to giving some examples. Management first. There are a good dozen managers in the Finance Ministry. A normal ministry has two or three times fewer. Still it is necessary to know which managements are involved. Let us take the budget; that is what puts the government's expenditures into writing. Its function is to put the brakes on. No one dreams of objecting to it. But it is often limited to echoing budgetary lines from one year to the next. While taking into account the rise in salaries. What is still available after the protracted proceedings of this unchanging structure is minute. That is where the prime minister intervenes: in arbitration.

So on one side here is a technical Ministry which has carefully prepared some project or other; the minister has gone to see the Matignon man. He has pled, stormed, has half convinced. On the other side, here is the Budget management, which often does not even trouble itself; it sends Matignon a two-page note, disagreeing technically with the project (usually intelligently), pointing out that the volume of expenditures will be too high and will have to be passed on to such-and-such another project. In the majority of cases the technical minister returns crestfallen and bitter to his beloved studies. What happened? Imperceptibly, the technical and financial control of the performance took a step toward political choice. The decision passed into the hands of the accountant.

Management of the Treasury? It was almost nonexistent pre-war (and that is why any comparison with 1936 is stupid). It assumed considerable importance shortly after the Liberation because everything had to be rebuilt and that required money. The man who "did" it was Francois Bloch-Laine. The same who, in a discreet memorandum that was nevertheless known to all the high officers, called for the dismantling of Finance early in the sixties. Because he himself had calculated the power of a management that in fact holds under its

control, outside the State Deposit and Consignment Bank and the four large nationalized banks, the whole of the French banking system.

You want still another example? The DGI, that is, General Tax Control. It has more functionaries than Simca-Chrysler has employees and workers. And everything is of a piece. It is not scandalous that Customs Control possesses in its own right 52 boats and some helicopters. But is the National Printing Office's budget known (it also depends on Finance): 540,000,000 francs. It is pointless to emphasize it.

Marchais and Mitterrand were mistaken: the monopoly of monopolies they were desperately seeking to tear apart was not located in the nine industrial enterprises dedicated to the vindication of public opinion. It was there, right in the middle of Paris and no one wanted to see it.

However, someone had thought about it. In 1968 there appeared in the Shelf Editions a little book entitled "To Nationalize the State". The basics were there. But it is most interesting to read the list of authors of that collective work: Francois Bloch-Laine, at that time manager of the State Deposit and Consignment Bank, the sociologist Michel Crozier, Jacques Delors (who would be in charge of social relations in the Chaban-Delmas cabinet before becoming one of the Socialist Party's economic advisers), Simon Nora, inspector general of Finance and Chaban's future associate, Jean Ripert (who several years later would be planning commissioner), Jean St Geours (who would be one of the long-time managers of Lyonnaise Credit). Thus a portion of the high public offices. At that time a minority. It seems it cannot be more.

And Valéry Giscard d'Estaing, when he was Finance minister, at first used more than once the practical veto offered him by the Finance machinery, then, little by little, listened to the quiet debate, the criticisms in half-tint and the suggestions that were presented to him. He said nothing, observing the big managements he was supposed to govern. And he convinced himself little by little that the criticism was right on many points. Oh! During all of that period he would be prudent, he would guard against running right in to his managers. However, he would make some of them go away discreetly. And in the back of his head he would put in reserve the idea of actual reform. We never forget that Giscard has time for an ally.

If one wants to recapitulate the serious objections that were made to Finance, one brings to light a simple notion: the formidable excess of power of this monster administration comes out in an absolute conservatism. For three reasons.

First because the Ministry's gigantism, the permanent conflicts that agitate it, multiply the possibilities of some decision or other being blocked. A project reluctantly accepted by one management will be blocked by another. And if the ministers are stubborn and impose their will, that will always be the time for the Ministry to stop the execution of the work at the level of control of the expenditures involved. Alain Peyrefitte reported in "The French Malady" Georges Pompidou's key word: "When Finance is against a reform it has little chance of coming about. When Finance and the technical

ministry involved are both obstructing it at the same time, it has no chance". But, one will say, what are the deputies for? Why do they not control the Finance people's subtle game? Quite simply because, until yesterday, it was impossible.

Example. Here we are in some office or other which depends on Treasury control. It is given life by an inspector from Finance and some civil administrators. Average age: between 30 and 40. All brilliant and very much won over to withholding the key to the public wealth. Let us not forget that most graduates of the National Administration School go all out for being in Finance; because that is the most interesting, the most prestigious and--an important detail--the salaries are 20 to 30 percent higher than in all other public offices.

We add the fifth week of vacation which theoretically does not exist, but which is generously granted in most of the services under the charming appellation of "manager's week". These young men work passionately. Into their office, indeed, file the greatest French industrialists. And these great bosses are very obliging. They need to seduce the young people. The latter, dining with friends the same evening, confide ingenuously, "If there is anything good about this business, it is in rigorously serving the state (according to the delicate arbitrariness of their judgment) and while being perfectly honest one prepares openings in private enterprise". This is not so stupid and it is called "engaging in friendly conversation". As for the deputies, when they request information it is furnished them sufficiently jumbled so that no one can understand any of it.

The second reason for Finance's conservatism is that the Ministry holds two well-separated functions: management of the funds and the general management of the business. There is not a single French business, big or small, which is constructed in that way. The distinction between these two functions is an absolute rule that management students learn in the first quarter. A contractor says: "A high official whom I won't name was the origin of the deteriorating trade relations between France and several other countries. I go to see him in an attempt to prevent the mistakes from being repeated. He looks me in the eye and states coldly, "I am the law!"

And that incredible remark is almost logical. There is no one to thwart Finance if the president of the Republic and the prime minister do not do it. And they cannot settle anything without being in the position of arbitrators. Now, between whom and whom can they arbitrate, since on one side there is Finance, which is everything, and on the other side the technical ministries, which are nothing. So Finance arbitrates itself. So, it does not write the law, it is satisfied with making it.

The third reason for Rivoli Street's conservatism. The impotence or guile of the people it deals with. Let us put ourselves in their place for a minute: industrialists, prefects or big-city mayors are involved. They know they can do nothing against Rivoli Street. So they arrange to learn the hobbies of such-and-such a director. And they present their requests while taking these



hobbies into account. The industrialist talks music with the Finance director who loves the opera; the official from Datar suggests creating jobs in Category B, because another director is partial to B Categories, etc. The first obstacle jumped over by cunning, our requester tries to follow his dossier the whole length of Rivoli Street's immense corridors. It is the Goose Game. A single error and he finds himself back at square one. The least dossier takes between six months and three years to come out of the monster's mouth. And since no one dares to fight, everyone lies down. Finance's malady, gangrene, thus becomes the malady of all France.

That is why Valéry Giscard D'Estaing and Raymond Barre are trying these days to cut the monster in two, and perhaps even in three. The left has always demanded structural reforms. Well, this is one. Or at the very least it is the beginning of one. It is put together around two simple ideas.

The first consists of grouping together everything having to do with receipts, fiscal matters and public expenditures. In sum, it is compatibility. Four main services fall under the control of its new boss, Maurice Papon: budget, public compatibility, taxes and customs.

The second brings about the concentration of all the rest. That is to say, first the management of Treasury. Thus, the banks, the tax fund, or in other words, credit. Further, all the managements that allow the national economy to be oriented--in other words, the management of Forecasting, in the National Institute of Statistics, the management of Foreign Economic Relations, etc. That is the sector to be directed by the solid Rene Monory. He has good sense and willingness. He will need them. Moreover, he is confident. He states in LE POINT, "I have always wanted to license the economic environment. It will take me months to succeed with such an important reform. But I will succeed. Because I am going to work /with/ [in italics] the Ministry's great directors, and not /against/ [in italics] them. They will have a minister. Now, these are intelligent people. And because they are intelligent, they will help me to make simple good sense triumph".

The reform has not been accomplished. To be exact, it is in rough draft. The biggest obstacle it is going to encounter is the good conscience of Finance's functionaries. Most of them have the feeling they are irreproachable servitors of the state, that they are Cartesian spirits, that above all they serve the general interest. They have trouble understanding that over the years they have become an obstacle to the national vitality. They were righteous and beyond their walls they could only perceive importunate beggars, sharp men, men dominated by money. And now the state reminds them that they are only agents, nothing more.

And now--oh, symbol!--the ancient plan of returning to the Louvre Museum the Ministry's headquarters, which will be transferred to modern, functional and less prestigious buildings. In Defense, in Cergy?

Finance will not accept these decapitations of any kind without jolts or hidden revolt. So we will know before the year is over, who is the state.

PHOTO CAPTIONS

1. p 54. The Rivoli Street facade of the Finance Ministry: a coup d'etat.
2. p 55. Raymond Barre and VGE in conversation at the Elysee: secretly organized.
3. p.58. Francois Bloch-Laine and Simon Nora: "To nationalize the state".

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PROFILE OF RENE MONORY, INDUSTRY MINISTER

Paris LE POINT in French 10-16 Apr 1978 pp 56-57

[Article by Jean-Pierre Adine: "Rene Monory: The Bear in the Convent"]

[Text] In his department of Vienne he is called "the Sherif". Iron-gray hair prudently slicked back, chestnut eyes heavily emphasized by bushy and unmanageable brows, rather heavy features; the air of some kind of bear. But, although the simple, direct, personable contact quickly belies the rugged appearance, Rene Monory, 54, remains nonetheless a minister who is a little bit rough, a provincial content to be one, whose associates all say that he has not yet been at all "tainted by Parisianism".

His youth and his success seem to borrow heavily from the Countess de Segur, from Dickens and from one of those moral tales that the schoolmasters of the Third Republic appreciated. You be the judge.

The minister--to whom has been entrusted this government's most important portfolio--has in his pocket only an industrial certificate fortified by a school certificate. Graduate degree, none. Higher studies, none. The ENA [National School of Administration] revolves light-years away from here.

His father had been an apprentice mechanic and he himself began his active life in the grease of his father's workshop. "I am not an heir", he explains. But to make up for his lack of an inheritance Rene Monory has ambition and, to serve it, an unshakable will.

So in 1949 he put his hand to his father's little craftsman business--in Loudun, where he was born. From repairing automobiles he went on to agricultural equipment, then to selling fuel. In 25 years the business had produced young: he saw his turnover multiply by 3,000, 4,000, 5,000--he does not know exactly how much.

In 1959 he had his first contact with municipal responsibilities. The mayor of Loudun befriended him; he would be his successor. Then the General Council, the meeting with Pierre Abelin, who carried him along in his wake, the apprenticeship in regional political life and election to the Senate in September

1968. "I prepared for that election five years in advance", he admits.

Registered in the centrist group, the new senator from Vienne worried his political counterparts before going to the Finance Committee. In June 1975 he became its general reporter. The rest is well known: the Ministry of Industry, which he used to get his convictions and messages across. Both could only make subtle dialectics: "The economic war has begun; it will not be won by a blow from aspirin tablets", he said one day in LE POINT. "For France to win this war we need businesses that are not receiving public assistance. And for them to give up their bowls and crutches, the environment must become favorable to them again".

Trenchant formulas, perhaps, but not hollow. For behind them steadiness of action is taking shape. Giscard listens, Barre appreciates. He gets carte blanche. Then, today, the reins of the economy. "What good does it do to be a minister if one doesn't make things move? I needed an effective position. I needed power to license the economy, in the face of Finance" he confided on Wednesday.

A heavy task! Others have broken their teeth on it. To carry it out, Rene Monory is counting on confidence, on the team, also on his own courage. And on work: "I learn a lot by listening, more than by reading; so I listen! I want to be dropped anywhere without strings. I have a horror of ministers who cannot appear before a committee without their associates sprinkling them with notes".

Yes, but this time "the Sheriff" will find before him in the Finance convent the French administration's most sophisticated, most spellbinding finest flower. Will his nerves stand up to it? Yes, he says, if he gets the seven to eight hours of sleep he needs every night. Too bad about the social events!

Is that all? No. Let us add here calm leisure, hunting and fishing trips. For all his associates confirm it: "the Sheriff" walks without a colt and the bear is neither evil nor spiteful. Moreover, the initiated had ended up perceiving this genuine miracle: the appearance of smiles and good humor in the very austere Industry Ministry's corridors.

#### PHOTO CAPTION

1. pp 56-57. Rene Monory with Maurice Roy and J.-P. Adine of LE POINT.

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FIVE YOUNG COMMUNISTS CRITICIZE PCF LEADERSHIP

Paris POLITIQUE HEBDO in French 8-14 May 78 pp 7-10

[Interview with Patrick Perez, Jean Casanova, Jean-Claude Fournier, Raoul Perez and J.C. Villane by Patrick Rotman: "Five Communists and Their Party"]

[Text] They are not professional system challengers, perennial minoritarians, oppositionists by nature, or dissidents in power. Communist Party members for a certain number of years, they held or still hold responsible positions in their party. It would be difficult to reproach them for being intellectuals on the sidelines. Today they keep asking themselves questions quite freely and openly. They belong to five different cells in the Essonne federation and do not constitute a tendency for fraction. All we have to do is listen to them to find out that there are more than just nuances between them. Convinced that their reflections and their questions make it possible to understand the crisis that is shaking the PCF (French Communist Party), they agreed to debate the issue quite openly in POLITIQUE HEBDO.

Question: You have just read George Marchais' report to the Central Committee. Are you satisfied?

Patrick Perez: This report exudes a certain contempt for all of the militants who participated in the debate over the past several weeks, all of those who are stirred up and who "complaisantly lend their pens to the bourgeois press." This attitude toward a discussion, which is not real exclusive prerogative of the intellectuals, provides food for thought.

Now, as for the analysis! For example, the analysis of the 13 March accord; Marchais says: "What we have anticipated actually came about." That is a truly Marxist explanation! All of that, just in order to clear a debate out of the way which took place in the party anyway.

Here is what that debate is all about: Did we really believe in the capacity of the masses to take effective action after the election victory? Our leadership answered: No; if you had yielded before 12 March, that which was agreed upon in the 13 March accord, the change would have been jeopardized. Now, let somebody try to understand that! Three militants were dumbfounded after that Central Committee meeting; They had the impression that they were witnessing the burial of a process of democratization. The report certainly seems to have been prepared in some back room.

Jean Casanova: I was surprised by the Central Committee analysis. Like many of my comrades, I had expected some kind of progress, a more serious analysis of the troubles which our party is having. The line of argument proposed to us is rather fragile. If we are to believe our experts, we are nothing but "anarcho-syndicalist petty bourgeois." At no moment did they give us a scientific analysis of the positions of those comrades who had expressed criticisms. The problems of party operations and internal democracy were simply skipped. There was no question of philosophizing! And then they tell you that the party is not "a debating society." Well, at any rate, the party is always right--even when it falls flat on its face. Regarding the 13 March accord, I agree with Perez. The party has been repeating the same story over and over again for the past 6 months: Give us the means for pursuing a different policy. But at the last moment they dropped that demand. Let us look the truth in the face: We made mistakes. We have to put an end to the all-powerful position of the general staffs. Did we not turn Marchais into a kind of outpost?

Jean-Claude Fournier: I can literally see nothing but stupor all around me. We had expected this leadership to defuse the criticism by giving up some crumbs, at least. Nothing of the sort happened. Everybody was completely immobilized. Now, we do not need "to adapt democracy to the new exigencies"; instead we do need a "democratic rupture" a "minimum democratization threshold" beyond which, once again, we will stop halfway along the road. Moreover, the leadership is trying to isolate the criticisms, to appear like a center that guarantees party unity. Let us be quite frank: All criticisms converge to demand and analysis of our mistakes during the campaign, a real democratization of the party, an analysis of Stalinism, including the party, and the idea of taking into account the "qualitative" struggles (women, ecology). The leadership's present line of action bears our priority adversary because it can lead to the party's liquidation in the end.

Question: How can one determine this minimum democracy threshold which you are talking about?

J. C. Fournier: We have a certain number of concrete demands: Elimination of unanimity on all echelons, turning the party into a glass house for the militants, which implies the publication of all remarks made during the Central Committee meetings, free discussion tribunes, drafting of party

policy by the rank and file, democratically prepared congresses, revision of the role of the resolutions commission, election of delegates by eliminating filtration through the candidacy commissions, representation up to the level of the Central Committee, in other words, the BP [Political Bureau], for the diversity of opinions expressed by the various currents of thought. The congresses must be privileged moments in relations between the rank and file, on the one hand, and the summit, on the other hand--and our experience has been the exact opposite. The comrades who "follow" a section or federation congress must no longer run the debates and give themselves the floor; instead, they must be speakers, just like the others. And then we have to put an end to the obligation, which is imposed upon the permanent officials, to be in accord on all points with the party line so that they will no longer be "employees" but militants, like the others.

Jean Casanova: I am a railroad worker. In other words, I do not feel that the reproach of "intellectual deviation" applies to me. I have felt a lack of democracy in the party for a long time already. But, as far as I am concerned, the election results were really revealing. The main point here is to revise the party's operations. We must democratize, we must really go all of the way. There are those in the party who think for the others and that sort of thing has got to stop. Every communist must be able truly to participate in drafting the party line. We must do away with doubtful methods, for example, the so-called democratic elections to positions of responsibility. The party needs change and it needs it fast or we are going to slide back. We must present a different image of the party to all strata we want to contact. Now, we might as well call a spade a spade and say that bureaucracy reigns in the party. The moment you express a different opinion, people look at you askance. All currents must be able to express themselves freely. What has just happened shows that we are still far from that.

Jean-Claude Villane: Comrade Fournier mentioned democratic rupture. As far as I am concerned, the important thing instead is really to implement the means which the party has theoretically, in practice, in other words, means which are not applied. But, moreover, we must provide ourselves with supplementary means. I approve of the proposals submitted by Fournier regarding a minimum democracy threshold. I expressed them in my enterprise cell at IBM. When it comes to democratic demands, we practically have unanimity up there.

Right now, we have the right to advocate a viewpoint within the party. But we do not have the possibility of making ourselves heard. A cell discussion, even if it is a rich one, has practically no follow-up. We must make sure that the party press will publish entirely free discussion transcripts so that the militants may communicate their opinions on one problem or another to other communists, at the other end of the country



or in their own city. We have to break up the vertical partitioning system.

As for elections within the party, I am entirely in agreement with what has been said here. I was a member of a section directorate and I know how things are handled: The permanent functionaries have the means to make their viewpoint prevail over the opinions of simple militants. So long as the directorate must be able to make its proposals known, so long must the rank and file be able to make its determinations freely. It is therefore necessary to do away with the candidacy [nomination] commissions because they are really censure commissions.

Question: All of the demands you have stated here are aimed at breaking up the vertical operations which are part of the pattern employed by a hierarchized apparatus. Is this not rather a cartoonist's view? In other words, thinking that there are two parties in one: The party of the militants and the party of the apparatus.

Raoul Perez: You do as a matter of fact have a gap between our party's live and active forces, on the one hand, and the apparatus, on the other hand. People are afraid of the term but it is true that they raise an apparatus of permanent functionaries who often behave like the guardians of the temple even though questions on their level are getting to be more and more numerous. There are quite a few permanent functionaries who above all want to preserve the tool which they have in their hands. But the tool is important only in terms of its function. A well-lubricated tool, lying on a shelf, is not good for anything. The stumbling block of change is democratic centralism. We are not against it--on the contrary. But we want all opinions to be heard before a particular line is implemented.

I might add that the translation of PCF in a more democratic sense goes very far beyond the Communist Party alone. This involves the future of socialism in France. We can only have one thing: Either the Communist Party becomes a new-type revolutionary party which takes into account all aspirations of our country's men and women or--and agree on that with Casanova--its substance will drain out and it will grind to a halt. I am worried. The recovery attempts are rather well arranged.

After the elections, I have never seen anything like it before in my cell. We really had something like May 68. Some of my buddies, who had never opened their mouths, proposed their analyses and made their contributions to the debate. It will be very difficult to divert so strong a current. The debate sprang from the election defect. But it is not only the tactics that have been challenged here; it is the functioning of the party itself.



Question: Raoul Perez, you are the national secretary of the CGT [General Consideration of Labor] for Adult Vocational Training. Did you observe any repercussions following this debate in labor union circles?

Raoul Perez: That is an entirely different discussion. I talk here as a communist militant, not as a labor unionist.

J.C. Fournier: While I share the opinions of my comrades, the division we have made here between apparatus and militant does not seem to be entirely fair or correct to me. Things are much more complicated in reality. I know permanent functionaries who are silent today and who agree with the demands for democracy. What we have to do is to permit them to express their personal opinion and not to be obligated to agree on all points, as is the case now.

Jean Claude Fournier: Challenging the vertical management pattern does not necessarily mean challenging democratic centralism. The measures we propose assure a horizontal pattern amid democracy without dropping the gains of democratic centralism. Contrary to the reproaches which the leadership had made against us, we are not stating the problem of democracy in a formal fashion here. This is very concrete. If the Communist Party does not become democratized, then electoral erosion will continue. And that will be the future of the party and hence the future of socialism.

Question: Do you have the impression of being isolated, of being in the minority, of being dissidents?

J.C. Fournier: It is difficult to say anything about that. What we are saying here is something that is being felt by very many militants and not only by intellectuals. But, through the methods which have proved themselves, we run the risk of being isolated.

Patrick Perez: This is being discussed throughout the party; you can see that everywhere. But we are isolated from one cell to the next, from one city to the next. You read articles by Elleinstein or Althusser in LE MONDE and you learn about the debate from outside sources. Never a word about it in L'HUMANITE; all you get there is the official viewpoint.

Raoul Perez: This feeling of isolation is going to get stronger. After the Central Committee meeting, we detected a feeling of being disheartened and discouraged in many of our buddies. All around me, I can see fellows who are losing interest in the political battle. And this is not just a passing thing. Everybody should remain at his post and continue fighting.

Question: What is your position with regard to the currents that were expressed publicly?

Raoul Perez: The currents--or what people call currents--are not my concern. What the Communist Party must become is for the communists to determine. If there is a real collective elaboration, then the orientation will emerge as a function of the common grasp of social and political reality.

J.C. Villanes: In my cell, we are not addressing the problem of joining one current or another. Our concerns boil down to a simple question: Reformism or the revolutionary road. There are comrades who feel that we have been too harsh and too demanding with the socialists. Others think the exact opposite. That is what we are discussing.

In my enterprise, at IBM, there is a strong proportion of technicians and supervisory personnel. Our cell reflects that social makeup. Personally, I am an engineer, in other words, I am an intellectual worker. In the party, they are presenting a rather caricaturized image of the intellectual which does not apply to me. I am an intellectual and I work in production. This fact is not taken into account by the party which talks about the working class as if it had not budged since 1936. In my working environment, it is difficult to defend the party's image. You feel that the party's methods are a little bit like those used by the boss. When you get directives from topside, through the federation and then through the section, it is as if you had gotten directives from your boss. You have a real DPO Participative Direction Through Objectives here. The permanent functionaries are chosen in keeping with the way they agree with the line. At IBM, the supervisors are selected in keeping with their agreement with government policy. For 8 hours a day you suffer this constraint and in the evening, at the party meetings, you run into the same process. In the end, you find that you are having trouble justifying the party's positions on what goes on in the countries of the East. We do not have credibility. Now, the comrades demand that we stop worrying about these issues. We should not be accountable for the flagrant violations of the rules of democracy.

Question: Does this involve only violations or does it involve the very nature of these regimes?

J.C. Fournier: I do believe that we must go into a vaster, Marxist analysis of what is happening in the socialist countries. We must look into the social organization itself to find out why such things occur. We cannot go on being so superficial. For my part, I believe that the cause for the continued existence of these phenomena resides in the domination of a social stratum which someday will have to be called a bourgeoisie, even if it is not of the capitalist type, although in any case it holds on to its privileges. I know what I am talking about. I go to the Soviet Union every year and I speak Russian. We might as well say quite clearly that those are not socialist countries.

There are no burrs or bumps here which would disturb operations. These burrs are necessary for the reproduction of the regime, such as it is.

Many comrades demand a real analysis of "socialist" regimes. We cannot have any party democratization without an analysis of Stalinism. Not only in the USSR but also in France. We have seen Stalinists and Stalinist practices still exist in the party.

Patrick Perez: If you go into a serious analysis of opinion-shaping processes in the USSR, you find yourself going into an analysis of the production process. The problem is vast. In theory, the PCF claims that it wants to fashion a model of society within itself. Now, if we look at how it behaves where it holds a scrap of power, then you find that it is at the very antipodes of the officially stated ideas. In the municipalities, for example, you have the rule of the elected party, the commune party, as it were.

Question: Do you not think that people are afraid that things would work the same way if the Communist Party were in power? The state-party?

Raoul Perez: Even we, we communist militants, are afraid of this when we see what goes on presently. The unanimity of the Central Committee on a report, which denies reality by proclaiming the infallibility of the "reason of the party," the denial of democracy, the falsification of the arguments of those who have questions to ask, the anti-intellectual terrorism--all of these things take us back to the practices of other times or other places which cannot leave us indifferent. All the more reason to change the party.

Question: Change, but how? What can you do today in order to make your viewpoints heard?

Raoul Perez: Changing the party, contributing to its change, means above all staying with it. At the risk of repeating myself, I would like to say that we must fight against "lack of interest," in the sense the term was used by Vaillant, the disinterest on the part of a number of comrades. We must demand respect for democracy on all levels, in all instances. There must not be a single section conference, there must not be a single federation conference, there must not be a single election without these truths being spoken. We can no longer accept any cooptation, any manipulation.

The important thing is for each comrade, for each cell to make their voices heard. And above all, to break up this partitioning pattern--and I am weighing my words carefully here: Let the comrades get together and meet, let them discuss, even at the risk of being accused of forming tendencies.

In its irresponsibility, the Central Committee report invalidates the questions and denies their identity. We must have a great increase in the assemblies, discussions, and comments in the press. We must do that even if only to make sure that the "petty-bourgeois anarchists," who we are in the eyes of leadership, may appear as what they really are, in other words, communists.

Jean Casanova: Absolutely. If this Central Committee meeting has done any good at all, it has served to strengthen my communist convictions.

#### PHOTO CAPTIONS

[E. 7] Jean Casanova, 27, railroad worker; member, Corbeil section committee; important regional labor union job; joined 1971. "In the party, bureaucracy is the rule."

[E. 8] Raoul Perez, 29; national labor union official; former member, Corbeil section bureau; member, Julian Grimaud cell; joined 1964. "In my cell, we had a real May 68."

[E. 9 to 10] Jean-Claude Villane, 36; self-taught engineer; member, IBM cell (Corbeil); joined 1965; former member, Corbeil section committee; city council member until 1977.

[E. 9, bottom] Jean-Claude Fournier, 35; teacher, Corbeil high school; member, Politzer cell; joined 1972. "Someday somebody will have to say that the USSR is not a socialist country."

[E. 10] Patrick Perez, 27; contributor to Marseillaise, PCF weekly in Essone; section secretary until 1977; enterprise cell member; joined 1969. "What about the communist municipalities? They are real party-run communes."

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## FRANCE

### BRIEFS

**DISSENT WITHIN CGT**--As within the PCF, dissent extends to the ranks of the CGT. Behind it are the young members and militants of the PSP. The secretary general [of the CGT] has received more than 150 letters from those voicing their dissent. The executive committee of the CGT will look into the matter on 6 June. [Text] [Paris LE POINT in French 29 May 78 p 59]

**NUCLEAR AID TO PRC**--In spite of stiff competition from the FRG and diplomatic pressure from Moscow, France is preparing to participate in the development of the PRC's nuclear program. The PRC wishes to develop atomic power so as to save its petroleum for export. Paris is expecting a large order for nuclear power plants. [Text] [Paris LE POINT in French 29 May 78 p 59]

**PCF TREASURY DEPLETED**--To replenish its treasury, depleted by the recent electoral campaign, the PCF is going to have its federations organize some fairs during the summer. The federations, in a large number of cases, are operating with deficit budgets. [Text] [Paris LE POINT in French 3 Jun 78 p 63]

CSO: 3100



## MEMBERSHIP OF KKE EXTERIOR POLITBURO REPORTED

Athen<sup>g</sup> TO VIMA in Greek 23 May 78 p 1

[Text] The new KKE [Ext] Central Committee has elected Kharilaos Florakis secretary general of the party (he was formerly titled "first secretary."

The position of second secretary, which was previously held by Nikos Kaloudis, will now be occupied by a group called the "Secretariat," which will be composed of members of the Politburo and other party cadres. The secretariat will cover those party activities it is ordered to by the Politburo.

The central committee, whose composition has not yet been announced, met yesterday and elected the new Politburo. Participating in the new Politburo are all the regular members of the previous group, Kharilaos Florakis, Nikos Kaloudis, Andonios Ambatielos, Mina Giannou, Roula Koukoulou, Kostas Loules, and Kostas Tsolakis. Added to these were three others: Loula Logara, who was formerly an alternate member, deputy and KNE (Greek Communist Youth) secretary Dimitrios Gondikas, and Stratis Tsambis, seaman.

The alternate members are Dionysios Georgatos and Nikolaos Kyriakidis (who were also alternates on the previous central committee) and Takis Mamatsis and D. Sarlis.

[Editorial Report] Athens 1 VRADYNI in Greek 23 May 78 p 14 also included Grigoris Farakos as a member of the new Politburo.

CSO: 4808



## ITALY

### METTIMANO DISCUSSES MODERNIZATION OF THE AIR FORCE

Rome RIVISTA AERONAUTICA in Italian Mar-Apr 78 pp 18-25

[Address by Gen Alessandro Mettimano, Chief of the Air Force General Staff, to the 29th session of the Higher Military Studies Center: "Modernization of Air Force Battle Line"]

[Text] The historical moment which we are living through now is as interesting as it is difficult; it tends to develop a rather particular sensitivity in the country toward the problems of its Armed Forces, the problems of the latter with regard to the country's most serious problems, and the problems of each of the components of the Armed Forces in the face of their own difficulties and those of the other components.

We can certainly say that this sensitivity increasingly points up the close link between the country and the Armed Forces and among the Armed Forces themselves, forming a single complex which is destined constantly and inevitably to move on the road of evolution and progress. This same sensitivity tells us that the advances made by each individual component of our Armed Forces represent a positive fact for the entire military establishment and therefore invites us to have faith, with utmost calm and firmness, in all of our commitments so as to respond to the attention the country devotes to us and to make the necessary contribution to our military establishment.

The Air Force has for a long time been aware of this silent message, devoting every effort to the definition of those steps which, while safeguarding its own integrity as an independent component of the Armed Forces, can represent a positive evolution both to the country and to the other services. These steps can be summarized in the form of the clear definition of our own identity and the progress of modernization of the Air Force line of battle as a fundamental element through which the "authentic" and irrevocable "missions" become real "operating capabilities."

The confirmation of our identity as a separate service represents a process of profound introspection and maturation which, although being renewed regularly, has found a base of reference in the conference held last year in this very place.

At that time we affirmed two principles which I consider to be basic.

Here is the first one: "The identity of the Air Force is that of a service which makes a necessary and irreplaceable contribution to the military establishment, in which it is active both through direct support operations for surface forces and through autonomous, longer-range operations, involving a particularly aeronautical and space activity."

Here is the second one: "It is quite evident that discussing the validity of the missions of a service means diminishing its identity; at the same time, asking oneself the reason for certain dispositions which precisely are in keeping with the possibilities of countering the threat, signifies making judgements which arbitrarily failed to consider technical-military evaluations."

In other words, the Air Force is not considered the only arm that can resolve conflicts; instead, it will take part in those conflicts in close coordination with the other services, the objective being the overall success of operations. In this context, the necessary coordination of activities will be all the more simple and effective, the more specifically spelled out are the limits within which the competences of each service move and, similarly, the validity of the military establishment will be all the greater, the more harmonized the three components are among each other, each of these three components having clearly defined missions, responsibilities, and competences.

The fact that we faced the problem of the identity of this service with this spirit led to a situation which represents the foundation on which we base our relations with other services and the future development of the Air Force itself.

This projection into the future is the second step which the service is preparing to make and I hinted at that in my opening remarks.

It is concretely expressed in the most obvious fashion in the modernization of our line of battle for which I will today indicate the main directions by illustrating the role of the Air Force and the missions assigned to it, along with the responsibilities deriving from that; the current situation of our forces and the solutions to be adopted in order to keep them up to the level of their missions and to their responsibilities in the face of the evolution of equipment and resources.

In the usual manner, this entire matter has been and will continue to be marked by the criteria of maximum linearity and coherence of principles which represent the inherent strength of our actions and which give us the courage necessary for tackling the difficulties of the present moment with the necessary calm, our objective here being to maintain an effective air force as an obligatory step toward assuring the credibility of our military establishment.

On another occasion, in this very place, we particularly underscored the sensitivity demonstrated by parliament toward the problems of Armed Forces modernization; and we also expressed the stronger preoccupation to the effect that—as a result of the passage of the three special laws--the requirements may be considered to have been satisfied and all planning as well as research and development activities might be slowed down, that is to say, those activities which concern weapons systems and equipment not covered by the laws as such.

I believe it is a good idea to emphasize that these systems do not involve any new components or are not designed for any new missions but rather pertain to sectors provided with equipment that can no longer be employed because it is unsafe and inefficient, in other words, sectors where failure to modernize would lead to the deletion of some specific missions of this service.

After my testimony before the Chamber's Defense Committee on 8 November, a certain party daily came out with some gratuitous accusations of "concealment of costs" and expressed astonishment that, in addition to the MRCA, "it will be necessary to think of procuring other types of aircraft for interception and close-in support tasks." This is the most obvious evidence of the fact that--since the passage of the special law has already fulfilled the requirement for facilitating the survival of an instrument on which we face the credibility of the country's defense policy--it is now becoming compelling for the Armed Forces top command, to present, within a united framework, certain additional minimum and realistic requirements which have the sole purpose of keeping the Armed Forces ahead of that involutive and irreversible process which in a few years would cut our forces in half. None of us wants to start a new cycle that would justify the existence of the Armed Forces as an end in themselves, merely to satisfy the requirements arising from certain auxiliary functions and from personnel needs, without any operational credibility.

#### Line of Battle Composition

The role of the Air Force has not changed substantially for many years in this respect and most probably will remain the same for quite some time to come. This role can be summarized by stressing the four main missions characterizing it:

Together with the other services, contributing to the creation of that "deterrent" which is designed to prevent the outbreak of any kind of conflict, creating a dynamic equilibrium of forces;

Contributing to the most rapid and most forward possible destruction of enemy military forces and depriving the enemy of the resources necessary for continuing the war if a general conflict should break out following the failure of the deterrent;

Immediately conducting the most opportune operations in order to confine a minor conflict in terms of time and space and to try to conclude it by helping to restore territorial integrity which may possibly have been compromised;

In peacetime, conduct police actions, transport as well as air rescue operations and--in a manner compatible with available resources--perform all those activities which may contribute to the advancement of knowledge and the control of air space.

The indication--at least in broad outline--of the means which permit the Air Force to accomplish its characteristic functions is a process of selection which takes place between two exigencies which are as clear as they are opposite.

On the one hand, we have a highly sophisticated and manifold air threat which would require a specialized aircraft for a single role and against a definite type of threat. This would lead to a proliferation of various aircraft, different types of equipment and weapons, and differentiated training and maintenance. Pursuing such a direction would mean creating a service provided with highly differentiated means, with a technical and logistic support featuring an amplitude that would definitely be beyond Italy's capability.

On the other hand we have an air threat of considerable dimensions which would require maximum flexibility in the employment of numerically inferior forces so as to be able to concentrate our effort where and when it would be most necessary. This would mean moving toward a multirole, multi-purpose aircraft--capable of accomplishing any kind of mission within limits of acceptable performance--something which, though it may be theoretically feasible, would nevertheless entail a series of technical difficulties that would be difficult to overcome in economic terms.

Studies conducted so far on this point covered the operational, logistic, industrial, and economic aspects; supported by considerable experience, they led to the conclusion that, within the national sphere, our line of battle properly speaking can and must be optimized by employing three types of aircraft:

A combat aircraft for air defense;

A heavy attack aircraft for counterair, reconnaissance, and in-depth interdiction operations;

A light tactical aircraft for surface force support operations in the combat zone with a capability for going into action by way of combination of the preceding two lines.

These aircraft naturally will have to be backed up by transport and rescue aircraft, the entire air defense setup, ASW detachments, and flying schools.

Drapping any of the above-mentioned weapons systems would necessarily lead to failure to accomplish a particular mission and would entail an operational deterioration which we could not make up for, either with the help of possible reinforcements from the outside or through partial compensatory measures. As a matter of fact, any intervention from the outside, no matter how timely it may be, does not eliminate the requirement for being able to successfully pass the first phase of aggression, even for a considerable period of time, if this were to be dictated by the geostrategic situation and that is clearly asserted in all documents of the Alliance pertaining to that point. On the other hand, the success of outside reinforcement depends to a great degree on the resistance initially put up against aggression, on the losses inflicted upon the enemy, and on the organization existing in the combat zone. In particular, it is indispensable for us to be able to assert a high degree of air superiority, at least locally and temporarily, in the area and during the period of arrival of reinforcements, which represents the most critical phase of redeployment.

From another aspect, we know the time necessary to implement a program pertaining to the procurement of advanced and sophisticated equipment. As a matter of fact, we not only need long periods of time for research and initial experiments; it also takes a long time to transform a newly acquired system into a complete weapons system which will work perfectly in all of its components and that applies to aircraft, weapons, and the crew itself.

Facing a threat which can manifest itself in the entire area of responsibility and during extremely short intervals of time, the abandonment of any of the fundamental roles of our air forces therefore looks like a very grave risk.

I furthermore think that--although such considerations might be adapted in various degrees to many military equipment items--it so happens that the air forces have one special feature which consists of the need for having all means available which will have to be used in a possible conflict already in peacetime, at least from the qualitative angle.

#### Modernization Need

The considerations presented here so far constitute the guiding principles which the Air Force has followed in order to identify its own operational structure, based on an air defense setup and a tactical air setup, with the latter consisting primarily of a heavy and a light line of attack.

These dispositions--which have already been reduced to a minimum quantitative level--are continually undergoing a process of operational and technical obsolescence which can be overcome only by a carefully considered and courageous decision to proceed to their modernization lest we lose an essential component of our air forces and of the military establishment as a whole.



In keeping with the criterion of the sustainability of the military instrument and trusting in that calm situation estimate which I touched on initially, I would not want to dwell too much on a comparison between numbers of units available and tasks to be accomplished in the face of the foreseeable threat. Such a comparison as a matter of fact would make me work out an instrument whose dimensions we could talk about for a long time but which certainly could not be supported financially even though everybody may consider it theoretically valid.

In this connection however I cannot help underscore at least the fact that-- in the face of a threat which has been growing constantly and in the face of a greater need for resources, required by the flexible response strategy-- the number of our groups and the number of aircraft assigned to them has been declining constantly with the passage of time.

In the light of past and recent NATO estimates, I therefore think that, if we were to drop below the present level, this would mean that we would be losing some credibility and that we would be approaching that limit which would no longer justify the existence of the service with the missions assigned to it and that would downright cast doubt upon the validity of the nation's military establishment as a whole.

For these reasons, in substance, I assume, as minimum reference level, in terms of quantitative suitability, our present force level, confirming that any further decline is bound to lead to a substantial revision of our missions.

Although it was resolved with an act of faith and a conscious renunciation of the quantitative aspect, we nevertheless still face the problem of force modernization and adaptation; in tackling that problem, the Air Force has been guided by the objective of keeping all of its essential components active so as not to deprive the Armed Forces and the military establishment as a whole of a link that could jeopardize the entire structure.

Air power advocates maintained and still maintain that "the air" constitutes the only element that can resolve any conflict. The truth of this statement has been much discussed but it is also true that nobody has ever challenged or denied the impact which the air arm has on the ground and naval battlefield.

Much has been discussed from the doctrinal aspect also on the priority of the various operations conducted by the air forces and the discussion has become more lively as a result of the introduction of multirole line aircraft, with the improvement of the capabilities of the ground forces to conduct specifically target-oriented offensives under any conditions of illumination and weather, as well as with the increase in the capacity of our naval forces.

Without revolutionizing the ideal priority of counteraviation, interdiction, and support, our doctrine had to admit that such operations can be conducted



Consequently, it is not easy, their intelligent priority must and can be determined only on the basis of the tactical situation at the particular moment.

With such limits, therefore, the need for having an air instrument, already in possession, which all of the components would be adequately represented so that they could work separately or simultaneously to conduct all operations effectively, is not diminished.

When the "human" factor is concerned, a decisive element determining the efficient question of resources, the basic principle here is that it is one key element in any system and that idea is all the more true, the greater the complexity and the higher the reliability of equipment items which determine the operational efficiency of the service. Thus the training level of our specialists--officers and NCOs--comes into competition with the quality of our equipment, day after day confronting us with the problem of how to divide our resources within our service. One rather significant fact in this respect is represented by the multinational training of our flight crews for the MCA which will cost 10 percent of the overall program amount.

In this sector, therefore, the problem is to find the best combination between the capacity for producing an advanced system and the capacity of making such systems operational by using specialized personnel.

Studies and plans for the modernization of Air Force equipment have been launched from this modern perspective.

#### Air Defense Line

To make sure that our air defense radar network will work reliably under the most difficult conditions, so as to provide an adequate alert for the country's domestic military and civilian structure during times of crisis and adequate radar coverage of forces during times of open hostility, a broad renewal program was launched a short time ago for our sensors which calls for the employment of modern search and altitude radars on the line, as well as new identification instruments.

As we know, a part of the program is to be covered by the special Air Force law.

What is less known is that the supply program has already been launched with regular Budget funds to cover at least the main shortages in this sector, within the limits of available funds. Furthermore, an attempt is underway to get contributions from joint NATO funds for the procurement of some of these instruments but the current general situation in Italy and in the Alliance does not leave us much hope for success here.

In any case, the Air Force believes that it has selected the best way to tackle what it considers its primary commitment, even though this may require a long and burdensome effort.

As we said before, manned interceptors constitute one irreplaceable element of our air defense setup within which they guarantee early action and total coverage of the area.

Considering the remaining lifetime of 12-15 years and the effectiveness of the F-104S aircraft, the Air Force is investigating the possibility of improving its armament and avionics in order considerably to increase its action area.

In practice this would mean replacing some of the on-board radar components, miniaturizing a part of the electronic equipment, installing the cannon in the fuselage, and providing for the introduction of new infrared and radar-guided air-to-air missiles in the line.

Right now it is difficult to express the financial commitment required here in quantitative terms or to outline a spending plan.

One thing is certain right now however: Regardless of the expenditure, it will certainly be the minimum necessary to assure the presence of a reasonably adequate weapons system on the line until the nineties, a weapons system which will be up to the tasks of air defense and protection of the combat zone in the foreseeable operational environment.

The future of the Nike system however looks rather difficult. Given the importance of the system--as a deterrent against the adversary's most dangerous tactics, in other words, mass attacks at medium and low altitude, and as the only means for action against the very high altitude threat. The combined effort of the Nike community so far has guaranteed only the operational capability of the system until 1985 in its present configuration, without any possibility of correcting its structural shortcomings.

The theoretical requirement for replacing the system during the period after 1985 clashes with the harsh economic reality of such an operation so that, by itself, it can assume the dimension of a special law; this is why we must necessarily consider the possibility of renewing the system itself, eliminating its current major shortcomings and prolonging its technical and operational lifetime until the nineties through steps that would be acceptable from the cost-effectiveness angle.

If that solution were to be ruled out, then the only alternative would be definitely to abandon the system. But eliminating a component of the nuclear defensive deterrent and a good part of our air cover in the combat zone, where the threat is greatest, where the time available for action is shortest, and where the density of the country's population, industrial, and military resources is heaviest--that sort of thing could not be a decision to be made by the Air Force alone.

In low-altitude and very-low-altitude air defense, I believe we know what direction the Air Force is moving in. While the presence of a real threat in this altitude spread was confirmed at the time, the service tried to

chart its own line of action and specifically to spell out its own requirement in this sector.

The Spada system study and research phase was developed on the basis of a requirement for a light missile system to defend certain specific points or limited areas, capable of operating under any weather and lighting conditions in a hostile electronic environment and with a high saturation level.

The system presents at least two significant characteristics, which are as follows:

The modular nature of the components which make it possible to adapt the configuration of the entire setup to the particular conditions of the objective to be defended;

The possibility of using the same missile in the surface-to-air role and in the air-to-air role.

Law No. 38 of 16 February 1976 laid the foundations for the implementation of a delivery program including 20 Spada batteries as of 1979 for the purpose of protecting 10 priority targets. The system's features permit broad superposition in terms of altitude with the area defense missile systems and complete integration with the NADGE system. Overall, this can be an effort of noteworthy importance even though the quantity of units presently planned would enable us to protect only a portion of our priority targets--and it would require a major expenditure at that. It is however necessary to admit that a modern and efficient weapons system will inevitably take up a good portion of our available resources and this is why a carefully considered choice of programs to be sustained is becoming increasingly important.

#### Heavy Attack Line

As far as the modernization of our heavy attack line is concerned, I also think that everyone is familiar with the general outlines of the Tornado program.

This program is a really important three-nation undertaking which, on the one hand, confers a vanguard capability to one of the most characteristic aeronautical components which are most significant for the success of our operations; on the other hand, it provides decisive impetus for the European aeronautical industry.

On a national scale, we expect to employ it in counterair operations, long-distance interdiction, reconnaissance, and tactical support for naval operations. Although the numbers will be limited, the MRCA line will represent a finely-honed weapon for deep penetration in the enemy's deployment.

The modern armament to be installed in the aircraft--which is still being worked on--will complete a weapons system designed to guarantee an irreplaceable role for the air forces until the end of the nineties.

#### Light Tactical Air Line: The AM-X

I left the light air-tactical line for last; its evolution represents one of the most current points both in my staff and in an interservice environment on high levels.

I must above all point out that, in effect, when I say "light air-tactical line," I am talking about those tactical air units which are excluded from the MRCA program, in other words, precisely a little less than 50 percent of the Air Force's line of battle; this percentage alone will already give you an idea of the scope and importance of the problem.

During the first years of the eighties we will face the beginning of the decline not only of the F-104G aircraft but also the rapid and unavoidable decline of the G.91 aircraft in the R version, first of all, and in the Y version, during the following years; during a very short period of time, this will leave the line devoted to surface force support completely uncovered. I would like to recall that this involves not only an operational decline which began some time ago with the introduction of modern and effective forces in the line by the adversary; the decline will, at this point, also be technical and will mean that we are going to have to ground our aircraft which have reached the limit of their structural lifetime.

Both in the doctrinal and in the technical field, studies confirmed the validity of "support" with adequate means, especially when friendly forces are subjected to the adversary's dynamic initiative.

We have thus recognized the need for having air units capable of making up for the numerical inferiority of friendly forces through their mobility and their fire support which must be extended beyond the range of conventional guns. The important thing was to recognize the need for having air units capable of carrying out--along with their own battle--specific and carefully balanced organic, coordinated air missions controlled at the highest level--where the economy of the theater involved can be properly evaluated--in support of surface forces capable of, in turn, conducting their specific combat operations according to schemes in line with NATO doctrine.

This component of our air forces is one of the decisive factors on the battlefield. While it helps make up that "quantum" of efficiency and credibility of our armed forces, it confers the same characteristics to the entire military establishment.

One of the questions that were put to me recently deals with the possibility of using the MRCA for close support operations.

I must say right away that this possibility was evaluated 8 or 9 years ago when we were still looking for an optimum solution from the cost-effectiveness angle in response to the military requirement established by three countries which together were working on the development of this aircraft.

Planning a multirole weapons system always boils down to a search for employing the operational possibilities and capabilities of a system in the best possible fashion; and the best way is also the most economical way.

Seeking economy in the employment of an air weapons system means: Repeating the employment of the delivery vehicle [platform] by, in practice, multiplying the resources available to the theater commanders and, by acquiring extremely high precision, making it unnecessary to keep repeating attacks against the same targets.

These are entirely feasible objectives now that technology has come up with convincing responses to requirements for precision, survivability, flexibility, and reliability. But at what cost did we achieve this saving? That looks like an easy play on words; but in reality this is a matter of choice: Are we going to have a few very expensive systems or are we going to have many inexpensive systems? There is no clear-cut answer to that. Doctrine as a matter of fact provides us with guidance that points up a new element in planning: The evaluation of the "task cost" which--although it cannot do without the unit cost of the weapons system which constitutes the foundation of such tasks--does redimension its range and significance in the broader context of the entire military establishment. In these terms, therefore, the question that was asked--many inexpensive aircraft or few very expensive aircraft--loses its justification and the answer again brings up the topic of choices relating to the dimensions of the tasks to be accomplished in a more general context, rigorously calibrated in terms of the cost-effectiveness ratio.

In the light of what I have said so far, the Air Force has taken steps to formulate a military requirement for a new aircraft (called the AM-X) which is designed to respond to the following:

The primary requirement for direct and indirect support for surface forces and the necessary integration of the Tornado line;

The further requirement for participating in the challenge to enemy air units operating at low and very low altitudes, with integration of the line of currently available interceptor aircraft.

We thus get an aircraft which is optimized for employment in the following operations:



Close-in interdiction for the purpose of isolating the combat zone, hitting the first-echelon [enemy] forces, and providing adequate support for naval units;

Close support so as to go into action in the combat zone through direct fire support;

Offensive counterair, with integration of operations conducted with the Tornado;

Defensive counterair, with supplementation of operations conducted by F-104S aircraft, with particular reference to low and very low altitudes in limited sector which however are of special interest because they have been identified as corridors for the most probable enemy air penetration;

Short-range and medium-range reconnaissance.

Taking the current situation of programs already underway into account, along with the detailed situation of our light line, and the time needed to develop an aircraft thus defined, I think I can indicate what the optimum period will be and at the same time what the irrevocable time frame will be for the commissioning of our new AM-X; that will be the year 1985, 7 years from today and about 12 years after the first studies were begun.

#### Financing Problem

I may be permitted briefly to summarize the steps outlined by the Air Force as being indispensable in the process of modernization in order to keep the components constituting the vital portion of our service and therefore also of the entire military establishment on the necessary level of adequacy:

Modernization of radar sensors in the air defense network;

Introduction of a light missile system for low and very low altitude air defense of vital targets into our line;

Modernization of our heavy tactical air line;

Solution of the problem of maintaining the Nike missile system;

Adaptation of the F-104S weapons system for air defense;

Modernization of our light tactical air line.

The special Air Force law, partly with the support of the regular Armed Forces budget, laid the foundation for implementing the first three steps by providing a financial foundation for the ARGOS 10, the SPADA, the M.C.A., and the "Tornado" programs.



The fourth step pertaining to Nike, carried out with Air Force funds, will extend the lifetime of the system until 1985.

For the medium-altitude and high-altitude air defense system, beyond 1985, and for the other two steps--the fire control system for the F-104S aircraft and the AM-X--the Air Force has in general outlined the suitable technical-operational solution and is now taking up the financial aspect.

Reservations have frequently been voiced from several quarters as to the cost of aeronautical and system technology connected with this. It has now been proved that we cannot today think in terms of replacing a weapons system, whose lifetime is running out, with another weapons system that is not extremely more expensive.

It follows from this that--since our operational planning must necessarily fit within the limits of our anticipated resources--the officials responsible for the choices to be made are facing several dilemmas:

Either accept a drastic reduction in effectiveness, avoiding to seek justifications before those who allocate the resources and have every right to know how the money will be spent;

Or forget about accomplishing an operational mission, leaving the political top leadership stuck with the responsibility for making such a dramatic choice;

Or exploring the possibilities of optimizing--within certain cost limitations--the individual capabilities of a system, reducing the research and development costs as well as the testing cost, accepting the unknowns and the risks deriving from the fact that, if we do that, we might have to counter a given threat involving a higher technology.

In times such as these, it is extremely difficult to advance solution possibilities. Public opinion, although not it alone, keeps wondering how problems involving huge amounts of money have remained unsolved even though the three laws have already been passed.

It has been suggested that we stop and think and that we refrain from approving any other, major programs.

I believe that this attitude deserves further clarification.

The law--at least as far as the Air Force is concerned--has covered some of the priority requirements in connection with which we had to interrupt research and programs already being drafted. Anybody familiar with the missions assigned to the Air Force certainly cannot share some of these doubts. Everybody, at any rate, must know how all of the funds are being allocated to one particular service and how these funds fit into the broader context of our ground and naval forces.

The MRCA--the by far most conspicuous program--represents the validity of our deterrence and the capability of accomplishing an extremely complex mission which is, step by step, to control the spiraling process of a conflict. It has been defined as the spearhead of the NATO deployment, used according to the doctrine of the flexible response.

As regards the advisability of stopping with our present modernization program, I want to make it clear that no Air Force chief of staff will ever be able to get unsafe or useless aircraft to fly.

Stopping where we are today means giving up. And this sort of giving up cannot be accepted by engaging in doctrinal discussions; the modernization of our G.91 and F-104G line involves 50 percent of our flying groups.

The Armed Forces high command has the duty and the right to present the problem to the political top leadership from the technical-operational aspect.

At the end of the group discussion held by the Committee of Chiefs of Staff on 28 April of last year on the "1978 Budget Draft" a joint recommendation was signed to the effect that all major projects be submitted to the committee itself for evaluation.

The Air Force has already interested the other two services in the modernization program for our tactical air line. This involves almost 180 aircraft--practically, as I said before, 50 percent of the Air Force's combat jets.

We are also dealing here with that component whose direct influence upon the progress of surface operations is--I would say--the most evident and tangible. Could we draw up operations plans without having the fire support supplied by them?

Some time ago, the top leadership group of the Armed Forces launched a discussion on the clarity and continued verification of Armed Forces development programs. Except for some specific functions assigned to the chiefs of staff of the various services, this policy is designed to broaden the framework of knowledge required to avoid divergent orientations in this sector which must be strictly coordinated. It is my opinion that the atmosphere which we have established here--in spite of the ups and downs involved in the discussions, almost always centering around financial aspects--must be sustained by a shared awareness of the fact that the objective still is to present complex, operationally and technically balanced instruments to the top government leadership. Forcing cuts in certain sectors, without being aware of the repercussions which this will have on the general architecture, always going after the most expensive technologies--that sort of thing could be an entirely too easy solution which however would entail the grave inconvenience of having irreversible consequences.

Scientist Cousteau has said that the marriage of water, air, and land is a "traumatic" thing. This is also the drama we are experiencing in our Armed Forces and from which we can extricate ourselves only if we harmonize requirements, availabilities, and missions.

The alternative would be that the drama--never resolved--would turn into a tragedy. Nobody, I believe, could ever forgive us for having been the conscious witnesses of this defeat.

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## PCI CONFERENCE ON RESTRUCTURING MILITARY INDUSTRIES

Rome L'UNITA in Italian 26 Apr 78 p 6

[Article by Sergio Pardera: "The Military Arsenal Are Those of the Last World War"]

[Text] La Spezia. Which choices must be made for a restructuring of military industry which would meet the technical-logistic demands of the Armed Forces while at the same time meeting the more general ones of economic development and employment? How does one reconcile them? In this regard, 22,000 workers, employees, technicians, and military personnel of the 41 arsenals and Defense Ministry bases directly confront the issue. Here, at La Spezia, these issues were discussed at a meeting with political figures and leaders of the PCI along with communist labor union members, technicians, and workers.

The condition of the industrial framework of the Ministry of Defense--it has been underlined--is shocking because of a policy of subsidies and negligence which has been pursued for decades. Organic measures of restructuring and modernization are therefore necessary and urgent. One gets the impression, however, stated comrade the Hon. Vito Angelini in his opening remarks, that what is really being done is only a simple adjustment, reclassifying some arsenals and bases so as to bring about a reduction of the whole production capacity of the defense industry complex. This is presented as a positive development, so as to allow more room for private industry. (In the "White Book," it has been stated that normal productive capacity was adjusted in such a way as to have 50 percent to 70 percent of major projects in the hands of the military, diverting from 30 percent to 50 percent to private industry.)

Angelini and others have posed the question of the purpose of closing arsenals and military bases if the industrial capacity of the Ministry of Defense even today cannot meet all its needs. (This, by the way, would involve a personnel reduction from 28,540 to 25,830. However, the number of workers presently on the line stands at little more than 22,000.) It becomes evident that there is a desire to maintain these industries in a state of subordination.

The governmental proposal, taking into account criticisms and proposals from labor unions but avoiding the general controversy of the reorganization of the components of Defense (the ministry itself included), consists of a program of 300 billion lire over the next ten years. It has three main objectives: to equip two new army bases capable of making repairs on all tank equipment, as well as the army's several weapons systems, to build a facility for electronics, bringing together gunpowder and fuse manufacturing units, among others, and a program of modernization and centralization of the La Spezia, Taranto, Augusta, and La Maddalena arsenals.

The plan also calls for the closing of the Messina arsenal (which has already begun); the fate of the Naples, Cagliari and Brindisi arsenals is still being discussed, the Navy having deemed them no longer necessary for rational and strategic-military reasons. At the fuse plant in Capua (which initially was slated to be shut down), the metal parts of munition production will be handled, the rope factory at Castellammare di Stabia will produce rigging for all three branches and the army arsenal at Nola will become a separate section of the new plant at Piacenza.

The choices of the "plan," the time frames (10 years) involved and the changes brought about (which have been judged partial and incomplete by the labor unions, as comrade Potesti stated at the meeting) all take place within the system of subsidies. To follow this line even further, that is, in a sector which is among the most subsidized of the Italian economy, stated comrade Senator Tolomelli, would mean throwing more billions of lire to the wind.

A serious restructuring, aimed at economy and efficiency of the industrial plants of the Defense Ministry, must take these long term aims into account, concluded D'Alessio:

- (1) Awareness of government and labor union commitments aimed at reducing the spending of public funds, motivated by the necessity of productivity, which the defense industries must respect, thus putting an end to the politics of waste.
- (2) Obsolete and technologically backward arsenals and military bases, which no longer answer the needs of the Armed Forces, should be shut down in relatively short periods of time, taking into account however the problems of unemployment and leaving open the option for development in the South.
- (3) The placement of the Defense industries and the defining of their roles (be it location, modernization, closing down, or creation of new plants) must take into account the defensive needs of the country. However, the relationship should not be purely mechanical: techniques and modern means of communication allow the maintaining of given structures even though they be far removed from military bases.

What is necessary is to define the division of the Defense industrial spectrum into three interservice sectors, stated Angelini, followed by honorables Anroni and Nuti of La Spezia:



- (1) Maintenance shops within bases and commands for minor repairs.
- (2) Detached departments in separate territorial zones where bases or commands already are present (airports, corps headquarters, naval bases) for medium repairs.
- (3) Bases and arsenals for major repairs and general overhaul of machines, specifying whether the detached departments should act as logistical support or as intermediate industrial centers and whether their presence is compatible with those areas deploying large units with heavy concentrations and machines (Friuli V.G., Pisa, Augusta).

The criteria to be followed for the definition of the reorganization "plan" as agreed upon at the meeting are the following: Modernization of arsenals and bases which are deemed necessary, the salvaging of the Defense industrial area with respect to the private sector, reducing the private sector's presence, and maintaining the economic aspect as a focal point, the defining of the functions of the industrial military framework for the repair, the upgrading and maintenance of all machinery and weapons issued to the three armed services, and the improvement of the professional training of civilian personnel, limiting their mobility as much as possible.

The labor unions, for their part, attempt to petition parliament to have civilian employees of the Ministry of Defense covered under the program of rights mentioned in the Workers' Statute, which up to now has been denied them.

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## NETHERLANDS

### DUTCH POLICY TOWARD UNITED STATES, FRG VIEWED

Rotterdam NRC HANDELSBLAD in Dutch 5 May 78 p 7

[Article by J. L. Heldring]

[Text] Dutch postwar foreign policy rested on two pillars: the cooperation with the United States and the cooperation with the West European states. In the former we mainly found a guarantee of our security. The latter especially served to make our economical and thus, in the long run, our political dependence of Germany tolerable, or to compensate for it; some would say: to camouflage it.

In any case, the domestication of Germany (or what was left of it, and this in itself was already enough) has been, not only for Holland, the most important motive for the West European integration. (The word 'domestication' is so fitting because it means 'to tame', in the sense of: to make fit to live together in one domicile--in this case--a European domicile.) This goes, as stated, not only for the Netherlands; but very specially so for the Netherlands, because our country, more than the other West European countries, is dependent on the German hinterland for its prosperity. (Not for naught did the Netherlands after 1945 plead, practically immediately, with the occupation forces for a recovery of the German economy.)

It is therefore a justified simplification to say that Dutch postwar policy rested on the two pillars of cooperation with the United States and cooperation with the Germany (in practice: the Federal Republic). This simplification began to resemble the reality more and more in so far as the Federal Republic grew in strength.

A dependent relationship does not necessarily exclude differences of opinion between the large and the small country. As long as the small country has trumps in hand--either moral or material--which can be brought into play against the larger country; or, can temper its dependence by leaning on other powers, so long does such a dependence not have to feel too heavy. Dutch moral trumps against Germany are beginning to wear somewhat. For in as much as a generation in Germany which itself has no guilt whatsoever in the crimes of the Hitler period comes more into power, Dutch moral claims lose strength, if not effect. Some day they may even backfire.

As far as Dutch material trumps are concerned: the power between both countries is not distributed entirely one-sidedly. As long as our country, except for France, remains Germany's first client. Germany too has an interest in keeping its neighbor for a friend. Viewed exclusively economically, the loss of the Netherlands would cost Germany more than the loss of all East Europe.

Another method to temper the dependence is to seek support from other countries: the time-honored equilibrium policy which the Netherlands has practiced, often successfully, since the beginning of its national existence. Also during the period of our neutrality, England and France (especially the former), were counterbalances which restrained Germany from intervention until 1940.

But these two European powers have since lost too much weight to be able to serve as a real counterbalance against a continuously stronger growing Germany, and thus to be attractive for the Netherlands to lean against. (Moreover, France's politics, following de Gaulle's power seizure, made this especially unattractive for the Netherlands).

This means that, in case of a difference of opinion with Germany, really only the United States remains as a possible counterbalance for the Netherlands. This does not mean that the United States will always and automatically stand behind us. It does however mean that it is very important for the Netherlands to not alienate the US and Germany at the same time.

This enjoiner has been trampled by the Labor Party (PvdA) during the past year. It did appear as if they kicked both of them at the same time with a vengeance. When for instance the Netherlands during the oil crisis of 1973/4 was still high in favor with the US, it was primarily thanks to Van der Stoep, and not to his party, nor to the Prime Minister who did not dare to assert his authority against the irresponsibilities of his party \*).

Otherwise, this example is not too suitable for the case in question, because Germany has been fairly obliging to the Netherlands during the oil crisis. In this case the United States acted rather as a counterbalance against the other Dutch European partners, especially England and France, who wanted nothing more than to let the Netherlands pay for its Mid-East policy.

The heart of the matter however is that the Netherlands must try to cultivate counterbalances with the Western cooperation against neighboring growth of power--which at present can be observed only in Germany--and that these counterbalances, if anywhere, are to be found only in the U.S.; that consequently, the Netherlands must never let things go so far as to set Germany as well as the U.S. against itself.

Once again: Such a policy does not at all warrant that the U.S. always will be on our side. But you never know. A certain American pressure on the Federal Republic in a direction desired by the Netherlands could perhaps be effective in view of the dependent relationship, in which the Federal Republic, in its turn, finds itself in respect to the U.S. Anyhow, this possibility should never be neglected or ruined beforehand, through gratuitous anti-Americanism.

Such a policy necessarily has as a prerequisite that the U.S. and the Federal Republic are at least on speaking terms with each other. This prerequisite has been more than fulfilled in the last thirty years. During this time the Federal Republic was generally, more than England, America's real "special relation". The Federal Republic certainly did mostly what the U.S. wanted. But lately the bottom has fallen out. FRG Chancellor Schmidt's outburst of the past week against America was the culmination in the climax of a deteriorating relationship. Certainly, this outburst, unlike France's politics, was meant to remind America of her leadership and the resulting responsibilities, but president Carter, offended, can deduce opposing results from it just as well.

In any case the Netherlands sees itself up against the possibility of a crack in the foundations of its postwar politics, which rest on the pillars of cooperation with the U.S. and with Germany. Inasmuch as this crack widens, the possibility to fall back on the U.S. decreases in case of open strife with Germany.

This applies to all West European countries, but in a special way to the Netherlands in view of its economy and its geopolitical position. Choosing, in the final analysis is not possible, because we are stuck to Germany in the most literal sense of the word: while America is a continent on the other side of an ocean to which, if desired, it can retreat and where we no longer can follow.

\*) A recent example of such an irresponsibility: the American ambassador visits Mayor Van der Louw of Rotterdam to invite him for a visit to the U.S. Van der Louw seemingly accepts the invitation with great enthusiasm. Some time later, via a subordinate, he excused himself. This is as it may be. However he does go to China. A curious choice of priorities by the mayor of the world's greatest port.

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PROPOSED CHANGES IN INVESTMENT ACCOUNTS BILL NOTED

Rotterdam NRC HANDELSBLAD in Dutch 10 May 78 p 13

[Text] According to the Chamber improper usage of the new investment stimulants will be a temptation, because the coupling of the Investment Accounts Bill (WIR) to the Selective Investment Regulations (SIR) means that investments in the existing buildings in the rand-city [the urban areas of Holland and Utrecht] will be getting a basic return which is twice as high as the interest rate for investments in existing buildings.

After much criticism in this respect during the past several weeks, Minister of Economic Affairs Van Aardenne himself has already come up with a proposal for an amendment. What this entails is that investments in existing buildings throughout the country which are negotiated by legal persons, for the purpose of leasing such buildings, will no longer be getting a return of 23 percent, but one of 11 percent.

In addition, the Christian Democratic Action (CDA) has submitted a proposed amendment limiting all investments in existing buildings throughout the country (thus irrespective of what they are intended for) to a return of no more than 11.5 percent. Moreover the CDA wants to limit this improper practice further by extending the term within which the investor must return his investment premium or a portion of it upon selling a security from 12 to 18 years.

De Korte, the spokesman for the People's Party for Freedom and Democracy (VVD), is of the opinion that in the end, proportionately little impropriety is occurring, and that this is expected, but the many extra jobs which would result from the various returns for old and new construction provide no justification for the need for revisions.

The Hague, 10 May. The two biggest factions in the Second Chamber, the Labor Party (PvdA) and the CDA, want the government to renew talks with the European Commission in Brussels with respect to another design of the Investments Accounts Bill (WIR). If the government does not feel that this is necessary then the PvdA will try, through a motion, to force it to get in



touch with Brussels with regard to the possibility of continuing direct returns for investments now and in the following phases of WIR.

This became apparent yesterday during the discussion on the WIR. Moreover none of the other parties in the Chamber are happy over the structure which the Van Agt Cabinet has drawn up at the suggestion of the European Commission itself as a means of meeting halfway the objections of this commission to the different investment returns for the rand-city and the area outside of it.

The proposals, as they now stand, contain provisions for basic investment yields amounting to about twice as much as the original basic yields. However, a levy is then imposed on the investments in the rand-city. The existing SIR is being employed for this.

But the two bills are not in agreement with each other. Due to this fact the investment regulations [SIR] has become a less than legal instrument for stimulating investments than was originally intended; this has increased the chances for improprieties and has caused great technical problems in doing something about it here.

The fact that the investment yields regulations have grown in global nature was applauded by VVD spokesman De Korte yesterday; but on this point he found that not only the PvdA and smaller leftist factions, but also the CDA were against him and they were making statements which evidenced various degrees of opposition to the regulations. Mrs Epema, who spoke for the PvdA, stated that her faction reverted to the original assessment of the WIR draft bill as "an incitement to a selective growth policy." Bekker, a communist, noted that "you really have to be a magician at words to even term this bill as social reform."

#### Steering

CDA spokesman Van Houwelingen came up with a number of suggestions which clearly indicated that even the CDA wants to put a great deal of emphasis on the steering character of the WIR.

The dissatisfaction of all parties is being expressed through the large number of proposals for revisions and it is certain that some of these will end up drawing a majority.

Thus both the PvdA and the CDA are in favor of extending the limits beyond which a SIR-levy is imposed on the investments in the rand-city. The PvdA wants a levy for all investments in buildings over the value of 125,000 gulden (in the draft bill this amount is set at 250,000 gulden) and also on fixed installations in the open air which are worth over 500,000 gulden (in the draft bill 2 million). The socialists want to carefully re-examine those investments in the rand-city on which now, as a whole, no levies are being imposed.

Through these exemptions and the high thresholds for the SIR-levies an additional 170 million gulden are going into the rand-city than in the previous draft bill.

All the big factions are asking that a solution be found for the problem in which investment institutions and pension funds are now excluded from the investment yields in the rand-city investments, but then again they come under the investment levy which is being imposed by the SIR. The Chamber fears that otherwise investments in the rand-city will slacken without being compensated by investments in other parts of the country.

Yesterday both the PvdA and the CDA advocated a stronger investment stimulus outside of the rand-city. Mrs Epema (PvdA) proposed giving the extra bonus, (likewise limited at the insistence of Brussels) which is now given when an industry is moved from the rand-city to a region designated as a growth center, also to other investments which are shifted over to the growth centers.

#### An Attack

Van Houwelingen (CDA) finds that the present regulation represents an attack on the original objective for providing investment subsidies within a framework of the space regulation.

De Korte finds that Minister Van Aardenne's estimate, that the twice higher basic returns for investments in the existing buildings in the rand-city are costing 30 million a year, is a low one. Yet he thinks that the extra amount must be taken into the bargain when the chamber accepts the WIR-SIR structure.

The VVD faction finds support from the PvdA for not granting all of the investment bonus when an investment exceeds the sum of 15 million gulden; however, a higher limitation should be set for this. The VVD proposes that this limitation be set at 50 million.

The PvdA wants to increase the control on the subsidies for very large investment projects by making a job opportunity report obligatory on the part of the industries concerned. The extra bonus for the large projects is coupled to the number of jobs created. Hansen of the Political Party of Radicals (PPR) wanted to allow the large projects bonus policy to expire completely on behalf of a much higher bonus for small scale planning.

The fact that the cabinet has not yet made any definite proposals for a bonus for all types of investments which create extra jobs is not being looked upon kindly by the PvdA. Mrs Epema is introducing a proposal granting an allowance of 7,000 gulden per new job created on all investments over 800,000 gulden. The SIR compromise turned out to be 3,500 gulden per job.

De Korte (VVD) expressed doubt about the effectiveness of a bonus for the creation of a job. Van Houwelingen recognized the value of the job bonus,

but concurred that the matter remains to be studied. With an eye to other intended subsidies, which are to be taken up in the subsequent phases of the WIR, the VVD and the CDA are out front advocating precedence of a bonus on those investments which promote technical innovations. The PvdA desires precedence for rewarding investments in the city renewal area.

7964

CSO: 3105

GOVERNMENT TO TIGHTEN MONEY SUPPLY

Lisbon DIARIO DE NOTICIAS in. Portuguese 15 May 78 p 7 LD

[Unattributed report: "Portugal's 'Letter of Intent' To the IMF"]

[Text] The Portuguese Government's "letter of intent" to the IMF, asking for emergency credit of \$50 million, analyzes the country's economic situation and expounds the measures by which the executive proposes to alleviate the crisis, specifically with the object of reducing the foreign deficit on current account from around \$1.5 billion, in the period between April 1977 and March 1978, to \$1 billion between April 1978 and March 1979.

"The improvement in the foreign balance," the document stresses "will constitute the principal source of economic growth in the program period." The monetary policy will aim at "contributing substantially to the expected improvement in the foreign balance and to the containment of inflation."

The "letter" says:

"At the end of 1977 the rate of domestic credit expansion reached 34.5 percent of the initial money supply--substantially in excess of the rate of increase of the actual money supply--before falling to 32 percent in the year ending March 1978. On average, the money supply increased by around 22 percent in 1977, compared with a 33-percent nominal increase in the gross domestic product, but it is expected to be reduced to around 18 percent against an expected increase of around 27 percent in the gross domestic product in the year ending March 1979.

"On the other hand, the banking system's net internal credit--which reached 654 million contos on 31 December 1977--will not be allowed to exceed 701.6 million contos before 30 June 1978; 738.6 million contos before 30 September 1978; 795.7 million contos before 31 December 1978, and 811 million contos before 31 March 1979.

"The increase in net domestic credit in the program year is estimated at around 23 percent of the money supply at the start of the period."

## Credit Ceilings for the Banks

After stating that "credit ceilings have been imposed on individual banks," the document states that it intends to "keep the money supply under constant and rigorous control, and the following limits have been set for the program year: 143.6 million contos up to 30 June 1978; 143.6 million contos up to 30 September 1978; 151 million contos up to 31 December 1978, and 149.2 million contos up to 31 March 1979."

In order to insure that these limits are observed, the monetary authorities have been gradually reducing the volume of rediscount and introducing a demand that a uniform 7 percent of bank deposits be set aside, "with the result that the banks' liquidity situation has already become very restricted."

"The letter" states what has been done "to contribute to internal stabilization in the sphere of financial restrictions": "In 1977 a significant reduction was achieved in the public sector deficit: it dropped from 11 percent of the gross domestic product in 1976 to a 8 percent in 1970, primarily as a result of taxes and the curbing of public consumption. This advance should be consolidated in 1978 in accordance with the budget recently approved by parliament."

The document adds that "in order to control rising costs and moderate the need for government subsidies, some administrative prices were substantially increased in April of this year. Water, electricity, gas and transport rates were raised from 35 percent to 50 percent while, at the same time, prices of essential foodstuffs (which had been frozen since February 1977) were raised by more than 20 percent. In order to cushion the effect of these price adjustments the minimum salary--which had remained unaltered since January 1977--was raised by approximately 30 percent, unemployment benefits were raised by around 25 percent and pensions were raised by 22 percent.

"In order to help curb rises in costs," the letter says, "the wages policy will remain firm in the future and, consequently, in April this year legislation was passed limiting wage settlement increases to 20 percent in 1978 and requiring a minimum period of 12 months between settlements. Legislation was also passed in August 1977 permitting enterprises in financial difficulties to suspend settlements if their workforce approves."

CSO: 3101



CUNHAL: THOSE WHO ABANDON LENINISM ABANDON MARXISM

Lisbon AVANTE in Portuguese 11 May 78 pp 7-8 LD

[Apparent text of speech by Portuguese Communist Party (PCP) Secretary General Alvaro Cunhal at 6 May rally in Lisbon: "Speech by Comrade Alvaro Cunhal"]

[Excerpt] Comrades,

We all know that it was necessary for the events of 25 April to come for relations between the Portuguese state and the Soviet state to be restored.

We all know that during long years of fascism, visiting the Soviet Union was regarded as a crime, bringing its perpetrators persecution, if not long years of imprisonment.

We all know that, in the days of the fascist dictatorship, the CPSU and the Soviet people always displayed generous solidarity with the communists, democrats and people of Portugal, and have always supported the Portuguese revolution since 25 April, and so I believe it right for us to take advantage of the CPSU delegation's visit to ask it here, at this rally, in front of the Portuguese people, to convey to the Soviet people when it has returned to its country our feelings of gratitude for their active solidarity.

We all know that anti-Sovietism remains one of the principle features of the ideological activity of reaction and all enemies of social progress.

We all know that, even now, when the development of relations of friendship and cooperation between Portugal and the USSR is in the national interest, official circles still gravely impede such relations.

In this situation, comrades, I believe that I am conveying the feelings not only of the communists but also of the great majority of the workers and progressive forces in Portugal in greeting the representatives of the CPSU and of the Soviet Union here and telling them that, as sincere friends of our people, they are and always will be welcome in Portugal.

## The CPSU Delegation's Visit and the PCP's Foreign Relations

As was to be expected, reactionary propaganda, in its usual intrigues and provocations, is seeking to speculate about the CPSU delegation's visit, as it has done in the case of visits by other delegations of fraternal parties.

It is therefore appropriate to make two clarifications.

The first is that this visit by the CPSU delegation to Portugal falls within the extensive framework of our party's international relations.

In 1977, 15 delegations of fraternal parties, including 6 from socialist countries, visited Portugal, and 49 PCP delegations, including official delegations, study visits and representations at congresses, conferences and meetings, went abroad (socialist countries, capitalist countries, African countries, Arab countries and so forth).

As far as our foreign relations in the first half of 1978 are concerned, visits by 26 delegations to Portugal and 19 PCP delegations abroad have been made and planned.

As can be seen, we maintain intensive relations with fraternal parties and revolutionary parties and movements, and we take this opportunity to make it known that our plan is not (as reaction would like) to restrict or reduce these relations but, on the contrary, to extend and intensify them, because the PCP has always considered and continues to consider that, on the basis of the principles of proletarian internationalism, fraternal relations, cooperation and mutual solidarity among the communist parties and all the revolutionary forces in the world are of essential importance for the progressive development of mankind.

The second clarification is that this visit by the CPSU delegation falls within the traditional relations of fraternal friendship existing between our two parties.

And we also take the opportunity to make it known that our intention is not to restrict or weaken (as reaction would like) but to strengthen and intensify relations with the CPSU, because the PCP continues to consider that relations of friendship and cooperation and mutual solidarity between communist parties and other revolutionary forces and the CPSU are of essential importance for the cohesion of the international communist movement and of all the progressive forces of the world in the struggle for democracy, peace, national independence and socialism.

The visits by CPSU delegations to Portugal and by PCP delegations to the Soviet Union make possible a broad exchange of information, experiences and views on matters of common interest and better mutual knowledge of the situation in the two countries.

In this specific instance, in addition to the exchange of information and views, the CPSU delegation has had the opportunity to enter into contact with the Portuguese situation, acquaint itself at close hand with our problems and form a direct opinion of the situation and the prospects.

The CPSU delegation has also had the opportunity to bring us information about the recent achievements and current tasks of the CPSU and the Soviet people.

Knowledge of the situation in the USSR and the other socialist countries in the countries in which the workers have not yet freed themselves from capitalist exploitation is a factor of crucial importance for strengthening the will to struggle for socialism and the workers confidence in and optimism about their country's future.

We will continue to inform the Portuguese people about what real socialism is and will continue to promote visits by Portuguese people to the USSR and other socialist countries. We welcome visits to Portugal by delegations which inform the Portuguese people about life in the socialist countries.

The applause with which Comrade Dolgikh's speech was received at this rally clearly demonstrates how representatives of the CPSU and the USSR and their words and news about the achievements, feats and successes of the Soviet people which they bring directly to the Portuguese people are joyfully received in Portugal.

#### Real Socialism and Its Example

When we inform the workers and people of Portugal about the exciting reality of the USSR and the other socialist countries, and everything that the working people have achieved with socialism since the overthrow of the power of capital, there are those who accuse us of wanting to copy mechanically in Portugal the revolution which has taken place in other countries.

Such accusations are aimed at demonstrating that the PCP does not take the realities into account and is incapable of discovering the path toward socialism under Portuguese conditions.

That accusation is quite unfounded.

Our party has often explained that, in its opinion, the revolutionary process presents many peculiarities and original features in each country resulting from objective factors--specifically, the economic structures of society, the degree and forms of development of capitalism, the importance of precapitalist relations, the social composition of society and the development of the class forces and their relative importance--as well as subjective factors--specifically, the degree of organization and influence of the working class and its revolutionary party and its system of alliances, as well as the degree of organization, ability and resistance of the forces of capital.

Even before the overthrow of the fascist dictatorship our party, discovering and indicating specific and in some respects unique features of the development of capitalism and of the situation in Portugal, was indicating an original path for the revolutionary process.

Confirming that viewpoint, the Portuguese Revolution presents many original characteristics in the revolutionary dynamic, the forms and manifestation of the social alliances, the relationship between political power and the masses and the reforms and measures of a democratic and socialist nature.

The solutions which we have advocated and continue to advocate are not a repetition of what has been done in this or that socialist country. Revolutions cannot be copied, and socialism in Portugal will inevitably and foreseeably have many peculiarities.

There are, however, fundamental features of the situation in the socialist countries which constitute essential ingredients of any socialist society and without which it is not permissible to speak of socialism.

Under socialism political democracy is inseparable from economic, social and cultural democracy. Under socialism the principal means and instruments of production become owned by the entire people. Under socialism power is exercised by the workers. Under socialism the right to employment, education, medical and hospital care, housing and leisure is recognized by law and actually guaranteed. Under socialism man's exploitation by man disappears once and for all.

We are well aware, comrades, how reaction and all the enemies of socialism are urging our party to stand aloof from the CPSU and the USSR, supporting to some extent orchestrated criticisms and anti-Soviet campaigns.

No, comrades, the voices of the Portuguese communists will never be added to the choir of propaganda of imperialism and reaction and the orchestrated voices which are seeking to shake the workers' confidence in Portugal's socialist future by distilling poison against the USSR and other socialist countries.

The PCP does indeed stand aloof, but from the enemies of freedoms, democracy, socialism and national independence.

The PCP sets its political program in opposition not to real socialism but to the reality of capitalism--capitalism such as it exists in Portugal and such as it exists in other countries, whatever their political system, capitalism with its attendant poverty, inequalities, injustices, arbitrary acts and acts of violence, whose elimination as a system of exploitation and oppression is a fundamental objective of the working classes and is and will remain a fundamental objective of our party until it has been fully achieved.

## The Common Compass

The basis of the fraternal friendship and mutual solidarity existing between the PCP and the CPSU is the identity of objectives of the two parties--the liberation of the workers from capitalist exploitation and the building of a society without exploiters or exploited.

And the basis of the agreement of analyses, views and outlooks is the fact that out two parties have to guide them, indicating the sure and certain path, the same proven compass--Marxism-Leninism.

The PCP was founded and organized, grew, struggled, underwent the most difficult tests, found its bearings in the most complex situations and weathered the most violent political storms, grasping that compass firmly in its hands.

It has helped us to find the way and will certainly continue to do so in the future.

It is because we are Marxist-Leninists that we do not regard theory as a dogma; rather, we regard theory as a guide for action, helping and enabling us to determine a correct policy on the basis of analysis of the realities.

It is because we are Marxist-Leninists that, on the one hand, we maintain that revolutions cannot be copied and that there are no formulas or models for revolutions, and, on the other hand, we study and take into account the experience of the communist movement and of the entire world revolutionary movement.

It is because we are Marxist-Leninists that we are alert to the changes in the contemporary world and the real situation currently existing, which is different from that in the days of Marx and Lenin, and accordingly seek, both with respect to international life and with respect to our own country, the answers appropriate to the existing situation and problems.

Nothing is more contrary to Marxism-Leninism than the petrification or crystallization of concepts, the bookish application of theoretical notions and immobility and routine in responses to life.

It is with Leninism that constant examination of events and situations is conducted and theory is deepened, updated, enriched and developed.

Marxism-Leninism draws on the experiences of the worldwide revolutionary forces, makes it possible to give new answers to new situations and takes part as a guide for action and as a material force in transformation of the world.

Leninism is the Marxism of the period of the transition from capitalism to socialism. Those who abandon Leninism also abandon Marxism.



Those who, abandoning Leninism, believe that they are giving proof of independence and becoming better able to understand and tackle the new realities are mistaken.

It is within the principles of Marxism-Leninism that the workers parties learn to operate independently. It is through Marxism-Leninism that the path toward liberation of one's own people can be creatively discovered.

A communist party's independence is manifested in two essential characteristics--in the independent determination of its own political line and its own activity without external interference and in its real class independence.

The PCP is an independent party because it determines its own policy by itself, without external interference, through the will of its members democratically expressed by the decisions of its bodies.

The PCP is also an independent party because it does not give in to the physical, material and ideological pressures of the exploiting classes and, on the basis of the principles of Marxism-Leninism, maintains the interests, aspirations and objectives of the working class and the working masses as the factors determining its policy and activity.

Throughout history independence has not been gained by parties which believed they could achieve it by freeing themselves from the influence of class concepts of the proletariat and which thus eventually lost real class independence, fell under the influence and actual ideology of the reformist petite bourgeoisie and tended to view the proletariat, as Marx and Engels stressed (70 years before Lenin), as a "mere appendage of official bourgeois democracy."

It is because the PCP is an independent party in this twofold and essential sense that it reconciles and combines its lofty patriotism and its internationalism in the same policy.

That is why, displaying active solidarity with the fraternal parties and the workers and peoples of other countries, we consider that our great and fundamental task and our principal contribution to the great common cause of liberation throughout the world is the struggle for the prosperity and freedom of our own people, democracy, socialism and the independence of our motherland.

#### The Portuguese Situation and the Government's Policy

It is a just source of pride for the Portuguese people that when friends from other countries, such as our Soviet comrades now, come to us to acquaint themselves directly with our situation, we can say: "Look and see. We live in freedom. We live in peace. The basic sectors of the economy remain nationalized. The agrarian reform survives. Control of management remains in many enterprises. We have a democratic and progressive system and the organized and confident united people remain prepared to defend it."

The great success of the struggle of the Portuguese people which this situation represents does not disguise, however, the grave difficulties we are experiencing and the grave dangers which are mounting.

The Portuguese people currently have to fight on two main fronts: against the policy of capitalist, landowner and imperialist recovery of the Socialist Party and Social Democratic Center Party coalition government and against the conspiracy and attempts at destabilization of the fascist and fascist-type forces.

Some 2 years of a policy of capitalist, landowner and imperialist recovery have already demonstrated that the attempts to eliminate the revolutionary transformations effected in the socioeconomic structures and a policy dominated by concern to restore the power of big capital bring about not economic recovery but the intensification and progressive aggravation of the crisis, bringing Portugal near to bankruptcy.

The attacks against the nationalization measures and the [word missing] of difficulties for the nationalized enterprises, the restoration of enterprises to the saboteur employers, the attacks against the agrarian reform and the restoration of land to the landowners, and the elimination of worker control in many enterprises has in no way led to recovery of the economy but, rather, to its progressive deterioration.

"Package after package," the government is causing a sharp deterioration in the living conditions of the workers and of the population at large, without this resolving any of the major economic and financial problems--specifically, the reduction of the balance of trade and payments deficits.

During the last few days, when the people had not yet recovered from the onslaught of the latest package, further grave decisions by the government have darkened still further the prospects for progress in the economic situation, the lives of the people's masses and national independence--the scandalous withdrawals of state intervention from big enterprises, with their restoration to fascist employers who had perpetrated every kind of fraud and irregularity (Crao Para, Antonio Xavier de Lima, habitat and Leacock); the new devaluation of the escudo and the announcement of the agreement with the IMF, which, judging by what the newspapers report, will cause even greater suffocation and dependence for the Portuguese economy. [passage omitted reiterating known stances condemning Portuguese Government policy, reactionary activity, separatism in Azores and Madeira, and advocating "policy of unity"]

CSO: 3101

PSD AIDE STATES VIEWS ON EANES PRESIDENCY, SA CARNEIRO

Lisbon DIARIO DE NOTICIAS in Portuguese 13 May 78 p 27 LD

[Simoes Ilharco interview with Social Democratic Party Standing Committee Chairman Meneres Pimentel: "I Am Not at All Opposed to a Certain Presidentialism"--date and place not given]

[Text] [Question] When you describe yourself as an "independent" party member, are you thus seeking to present an image of neutrality, not identifying yourself with any of the party's lines?

[Answer] I am not primarily seeking to do that, although I am also seeking to do that. In describing myself in that way, I mean that I have been outside this party's political leadership and outside its secrets. I am a party member who has operated essentially at grassroots level and has by chance worked with the party's leadership.

Second, I want to stress that I do not regard myself as belonging--nor do I belong--to any of the styles--I prefer that description--which became more apparent at the latest national council meeting. In fact I have never been connected with any group, and I must even say that my relations with Dr Sa Carneiro were quite slight until about 2 months ago. With respect to my relations with the political committee which resigned, they stemmed solely from contacts made in my capacity as a deputy.

[Question] But does not the fact that you were present at the Vimeiro lunch indicate unconditional support for the views expressed there by Dr Sa Carneiro?

[Answer] Not at all. I only decided to attend that banquet on the previous day. I did not talk with Dr Sa Carneiro, either before or during the lunch. I confined myself to a brief exchange of views with him at the conclusion of the meeting.

The fact that I was present does not indicate unconditional support for a set of ideas which Dr Sa Carneiro expressed there--moreover, as hypotheses. What he put forward at that lunch were in fact mere hypotheses, which were even suggested in connection with certain circumstances which, if they materializ-

ed, would require some of the solutions advocated by him. So my presence was fortuitous and in no way represents unconditional support for Dr Sa Carneiro's views, because I do not give unconditional support to anybody or any idea. I believe that people and ideas are constantly evolving.

[Question] But what is your actual opinion of Dr Sa Carneiro's proposals?

[Answer] As far as early revision of the constitution is concerned, what Dr Sa Carneiro said was that if it were proven--and if the overwhelming majority of the Portuguese people took this view--that the current constitution was obstructing the normal course of democratic life in Portugal, he himself would wonder whether a referendum to bring about an early revision of the constitution should not be proposed. That was his thinking; the words singled out by the press were insufficient to make these ideas clear. And I believe that, if it were proven that our constitution was obstructing the course of a democratic process and that it was exacerbating the country's economic situation even further, no real democrat would rule out the possibility of a referendum at the outset.

Nevertheless, I have the impression that that will not happen, because, as the president of the republic stated in his April speech, the constitution is capable of a flexible interpretation which makes it possible constantly to adjust it to the specific requirements which are perceived in Portugal.

So, in my opinion, a constitution which might obstruct our democratic system is not the greatest problem. What I regard as essential is implementation of the laws which the Assembly of the Republic has been approving. That is, that the government, because of its ineffectiveness, may not use some essential legal instruments which parliament has produced. In my opinion this government incompetence could place democracy in Portugal at risk, and this also calls into question the government and those who are today able to alter that government--that is, the very parties composing it, which, although holding an arithmetical majority in the Assembly, should consider whether or not they are capable of resolving our pressing difficulties. In addition, there is the president of the republic who, being able to dismiss the government freely, has all the means to take part in the formation of another government which will achieve greater effectiveness, in order to extricate us from certain deadlocks--I would prefer not to use the expression, but it is apt, nevertheless--with which the country is contending.

#### Record of Eanes' Activity Could Still Be Positive

[Question] And what about the issue of the president of the republic? What is your opinion of General Ramalho Eanes' conduct?

[Answer] In the first place I was not in agreement with the president of the republic's conduct in allowing the formation in 1976 of a government without majority support. Moreover, the excessive duration of that government constituted a second negative factor, inasmuch as it revealed a failure of the president of the republic to intervene. I believe that the issue of confi-



dence could have been suggested to the prime minister by the president of the republic earlier, since General Ramalho Eanes did not want to dismiss the government. Third, I also do not regard as positive the president of the republic's conduct during part of the crisis which followed the fall of the first government. At the start of the process it seemed to an outside observer who was not a party to the negotiations, judging by the communiques from the president's office, that support which would be coherent and as broad as possible was being sought. However, that was not what occurred, because the president of the republic was satisfied with an arithmetical majority in the Assembly and not a majority of the population which might have tackled the necessarily unpopular measures which eventually would have to be adopted under better conditions.

[Question] And what about the overall record of General Ramalho Eanes' activity? Is it positive or negative, in your opinion?

[Answer] As far as the overall record of General Ramalho Eanes' activity is concerned, I believe now--in May 1978--that there is hope that it will be positive by the end of the year. And why? I regard as extremely important the speech which he delivered in April, distancing himself considerably from the parties composing the government and showing himself prepared to take part in the composition and formation of the government, irrespective of a tie with either of the parties composing it. He explicitly said that it does not matter to him who governs but how they govern. If Ramalho Eanes does in fact continue to hold a correct view, such as follows from his latest speech, and if, on the other hand, the government continues to act almost paralytically, following after events instead of anticipating them. I can see that there could be, from the middle of this year onward, a far more active intervention by the president of the republic to the effect of forming a government which the Social Democratic Party has always demanded: that is, a government with greater presidential intervention, capable of enthusiastically surmounting the bad times which are approaching.

I believe in fact that if the government does not secure the popular support necessary for tackling our difficulties, the president will intervene more resolutely in this country's political leadership.

"The Inevitable Risk Which Eanes Will Have To Accept..."

[Question] When you advocate greater presidential intervention, are you not also suggesting the frequently mentioned presidentialism?

[Answer] The presidentialism which has been so frequently mentioned recently has still to be characterized. But I believe that the possible solution to the obscure situation in which we still find ourselves, as far as the government is concerned, depends on greater involvement on the part of the president of the republic. That involvement would, of course, entail grave risks, because it would call into question the person of the president of the republic and the state body which the presidency of the republic is. In a country with a very acute overall crisis, if the president of the republic has a greater participation, he is clearly exposing himself to the erosion of public opinion. But, in my opinion, this is an inevitable risk which must be accepted by General Ramalho Eanes with a view to safeguarding democracy. And it is even the only viable hypothesis for safeguarding democracy.



If this is the frequently mentioned presidentialism, then I am in favor of this kind of presidentialism, provided that it does not entail a subordination of the political parties. But indeed I am not opposed to a certain kind of presidentialism....

[Question] Judging by the criticisms which you have already leveled against the government, you do not take a very favorable view of it, do you?

[Answer] Well, the government's activity has not been apparent so far. I believe that the major defect of all the governments since 25 April [1974] has been the fact that most of their members have joined the government with a program of intentions, which they have been insufficiently experienced to start implementing immediately.

So I am convinced that the members of the government will first of all serve an apprenticeship, and after 6 months or a year they will be able to act. In the meantime the crisis has exposed them. So I regard the government's conduct so far as a mere apprenticeship, and, in a situation such as ours, this is a strange and unrealistic way to behave.

"What Will Happen in Portalegre..."

[Question] What will happen in Portalegre this weekend with Dr Sa Carneiro present? I would like to ask you whether you considered that Dr Sa Carneiro is bound to return as party president?

[Answer] As regards the first part of your question, it is well known that the agenda contains four points two of which are relatively less important than the others, the two last points--analysis of the party political situation and the possible examination of proposals on changes to the party rules--being more significant.

The present political leadership has the paramount task of insuring the holding of an authentic congress in July and not a more or less orderly meeting. A program has been established for this. The first stage of the program will end in Portalegre. The program consists in the launching of a fundamental document, without binding force, which will lend itself to the "exploration" of all possible ideas, some of which--the most likely ones--will be integrated in a political strategy line. In the period between the Portalegre council and the body's other meeting to be held in June, the party bodies will have their first chance to discuss the fundamental document and propose solutions with a view to their being generalized at the national council which precedes the congress. This last meeting of the council will approve the congress regulations which will contain certain basic principles, including the time limit for the submission of proposals on future political strategy.

This limit, which should be 15 days before the congress at the latest, will allow the participants to reflect once again. And in the last 15 days all the congress participants will have in their hands the different proposals which will enable them to reach a decision with a perfect knowledge of the

divergences and, at the same time, to choose the list which offers them the best conditions for making their choice. In this way I do not see a change in the party's strategy before the congress. Nor do I expect the outcome of the congress to give rise to intractable positions within the party, since the party's program will not be called into question.

I accept, however, that there may be changes affecting the composition of the last political committee. That is, I am of the opinion that not all members of this committee will appear again in that capacity, because I also foresee certain amendments to the rules which will prevent the reelection of all these people en bloc. I do emphasize, however, that what I have just said is a personal view.

As for the return of Sa Carneiro as party president, I do not question; I merely dispute the form or terms of his integration within the PSD political leadership, partly because this was the wish expressed at the last National Council meeting.

CSO: 3101

GUEST WORKERS' DISILLUSIONMENT DESCRIBED IN BOOK

Stockholm DAGENS NYHETER in Swedish 22 May 78 p 35

[Section from the book "Vi Salde Vara Liv" (We Sold Our Lives) by Christina Kellberg and Andreas Hajoudes, Askild and Karnekull, Stockholm, 1978]

[Text] In August 1960, Scania in Sodertalje asked AMS [National Labor Market Board] for permission to recruit workers in Greece. Thirty young men came here.

They were followed by between 30,000 and 60,000 immigrants a year, coming from Greece, Turkey and Yugoslavia. Toward the end of the 1960's 100,000 people came here from Finland.

Sweden needed their labor. How were they received? Under what conditions do they and their children live today? These are the topics of a newly published book, "Vi Salde Vara Liv."

This book, dealing with Greeks living in Sweden and conditions for immigrants in Sweden, was written by Christina Kellberg, 33, a reporter for DAGENS NYHETER since 1968, and Andreas Hajoudes, 30, who came to Sweden from Cyprus in 1972 in order to study. He has also worked in restaurants and factories and is now in charge of the Greek broadcasts for Radio Stockholm.

"Every eighth person you meet -- or almost 1 million people in Sweden -- originally came from another land," they write in the foreword. The questions of why they came here, how Sweden would have fared without them, what their lives are like in this country and what they were like before have been dealt with by concentrating

on the Greek minority: "You can't get close to people without speaking their language. But the experience of the Greeks is not specific to them. It is shared by many immigrants."

"'Vi Salde Vara Liv' should be a handbook for people at all levels who need to inform themselves and others of Swedish immigration policy," wrote a reviewer in AFTONBLADET.

"In April 1965 the situation at Scania repeated that which had occurred 5 years before. More and more trucks needed to be built and there were not enough workers to build them.

"Scania turned again to AMS to request permission to hire 40 Greeks. AMS approved.

"This time we turned to residents of Athens only," says Rolf von Euler. "Thus we only came in contact with young people from the big city and they were much smarter than those who looked for work the first time. They fooled us in a lot of ways, about their training and their background. The result was that we didn't get the same quality as we did the first time."

One of the 41 who took a chance on coming here was Charalambos Lexis. He still works for Scania.

"We had a pleasant train ride," he said. "We saw a lot of different landscapes and we were looking forward to our new life. When we got here we were given a good reception and a solid meal.

"We were placed in barracks by fives along with some Finns. The Finns were tough. They fought with knives and sometimes came close to killing us. I myself saved a Greek who was about to get a knife in his back. Another fled through the window after a Finn threw a knife right through the door. We Greeks do not accept fights. We fight with words but physical combat seems barbarous to us. Neither Scania nor the police reacted to what was going on.

"The pattern seems to be continuing, the immigrants who arrived last are the ones picked on. At the end of the 1950's it was the Norwegians, then it was the Finns and then the Greeks who got it in the neck. Today it is the Syrians who get picked on. People say they get a fruit subsidy because they buy big crates of fruit at the market. They're used to eating fruit, of course, and besides they have big families.

"And the fights continue. The Swedes fall on the Syrians. They are annoyed by the way they look and how they are dressed. Many of the Swedes who took part in the worst fights work at Scania. I have seen several of them come in the next day, bruised and bandaged.

"It is as if there were two worlds in Sweden. A good world with order and nice people and then a wild world.

"When I just arrived, I saw the good world. I was happy about the people and the system. I wrote home to my mother that I had come to a country with good people in it and that I would never come back to Greece.

"But in the winter when it got cold and the fights got worse and worse it was hard to live here. I didn't feel that Scania was loyal to its workers. We worked in shifts and our barracks in Grandparken were far from where we worked. But there was no bus running between our living quarters and the job site. We had to walk the entire distance. Many of us had brought no warm clothes and some of us took cardboard boxes, cut out holes for their eyes and wore them on their heads. One of the Greeks had his nose and ears frozen in the 25 degrees of frost.

"It was lucky there were so many of us. That's how we managed. But one day we had had it with the fighting. We didn't want to live like animals. We all went to the Scania main building and demanded that the head of personnel arrange for us all to live together.

"'We're standing here until you do something,' we said. In a few hours the company had bought a house for us.

"It was rougher at Scania at that time. More threats. If you came too late they said you would lose your job. And anybody who couldn't keep up with the piecework rate had to go. Today the situation is easier. It is true that some things happen that could be called discrimination but I try not to think about that.

"It has always been hard to be friends with Swedes on the job. We do kid around a little, but that's all the contact we have. I have never been friends with anybody on the job in Sweden. People here have so little time for each other, their schedules are so heavy.

"I think Swedes are starting to look down on immigrants more and more. When I came I felt welcome, as if I were needed. Today the Swedes seem to be tired of immigrants, especially in Sodertalje.

"But when I am in Norrland, where my wife grew up, it's different. Then I feel as if I were with my relatives in Greece."



Charalambos Lezis comes from Kalavrita, a town in the mountains of northernmost Peloponnesos.

"Mama and Papa had six children. When my mother was pregnant with the sixth child, Papa died of lockjaw. I was only 2 1/2 when he died. Two of the children had to be sent away.

"People often blamed Mama for that. But I used to wonder what society had done to help her. What did those who blamed her do, the priest and the men of the church, for example?

"My brother and I did what we could to help her. From the time we were 10 or 11 we took care of our 50 sheep, loaded up the donkey and brought milk down from the mountain.

"When I was 12, I began to wonder why I who was one of the best pupils in the school could not go on to high school while those who were worse students could go on with their studies. And why was I going around with the sheep while the others were playing, I wondered.

"The system is exactly the same in Greece today. My brother has a boy who is 17. He has been in the same class for several years. There is nothing wrong with the boy, but the teachers are harsh and authoritarian. The worse it goes for him, the more his father beats him.

"There's nothing wrong with the boy, it's the system there's something wrong with, I used to tell him. Look at your own life! Is it your fault that it has been work, work, work? That you couldn't even take a dip in the ocean?

"When I was 18, I left town and began working at my uncle's garage in Athens. There was a lot of criticism and complaints.

"'You'll have to give up sleeping if you want to make it,' my uncle said. 'You're not in the village any more.'

"A worker in Greece has an uncertain life. One can become unemployed for having 'wrong' ideas. I've seen a lot of it and I have been affected by it myself.

"I had a friend on the job who was a communist. He was kicked out for that. He started working at a building across the street and we met in the evenings because we were friends. Then my foreman said he wasn't good company for me to keep.

"'Go home and bring up your children instead of telling me who to hang around with,' I said. A few days later I got kicked out too.

"Emigration is the toughest thing that can happen to a person. For the first 20-25 years of your life you build up your life and yourself as a person. You can never forget those years whether they were good or bad. And you're always homesick for your own country.

"You lose a lot as a person when you emigrate. You're cut in two. I myself don't feel like either a Greek or a Swede.

"I try to keep the Greek part of me alive by going to the Greek society and attending some Greek festivals. There I can speak my own language and feel like a Greek.

"I dream of being able to move back to Greece but I know that it is only a dream. I abandoned Greece when I married Ulla and had a child. I wouldn't want anyone to be an immigrant and that is what the children would be if we moved to Greece. But each spring I ache with longing. Then I would like to have a month in my home town so I could go around and meet my friends and relatives."

Charalambos and his Swedish wife, Ulla, have three children, Chrisoula ("little gold"), Maria and Anna. The children speak only Swedish and say they are Swedes. And they're not very happy about having to go to Greek language classes.

"I don't want to be Greek and I don't want you to be Greek either," says Maria, pointing at Charalambos. "Greeks talk so funny. And foreigners get teased at school. 'Turks on the pot taste like rot,' they say. Pretty soon they'll start saying something about Greeks too."

Before, Chrisoula and Maria had 2 hours of Greek a week, but now it is down to 1.

"I took out one of the classes because the lessons conflicted with a Swedish and English class," said Charalambos. "I don't want to be responsible for them losing out on important subjects for my sake. I don't want them to say when they finish school, 'I got a bad rank because my father is Greek.'"

"They could schedule the Greek before the other lessons."

In 1971 Charalambos left Scania and took a construction job. But after 2 years he had a car accident. He collided with a moose and broke his nose. After that he wasn't able to work outside any more and he went back to Scania.

"When I was going to be rehired, the woman doctor asked me, 'Well, how's the temperament?'

"She meant that I hadn't acted properly in 1970 when I and some others on the motor line tried to strike. The motor line is the assembly line the cars come on. Every time a car goes by a bell rings. Certain details have to be installed then. We were paid 11.50 kronor an hour on the motor line. The guys on the machines were getting 14.50. There had been negotiations and we were told we would get more. The day we found out there wasn't going to be any more money, we got together and talked about what to do. We decided on a sitdown strike the next morning.

"The union spokesman came around and said, 'Get to work!'

"Then he made an angry gesture with his arm. I got mad and told him he could talk like that to his children but not to us.

"The guy who was our spokesman later moved to Goteborg. A while later he came back to Scania. He had signed all the papers and everything was set. But he never started working. It must have been because of what happened.

"I'm disappointed in the union. The union belongs to the factory and not to the workers. Maybe they are working for the interests of the workers but it doesn't look like it. The union doesn't take a clear stand for the workers. It won't say either yes or no when it is obvious what is best for us.

"The union should follow the economy of the workers and make demands accordingly. Instead the union bases demands on the finances of the company. The workers shouldn't have to pay because things are going badly for the firm. When did the workers ever get their pay doubled because the firm made huge profits?

"In Greece the unions aren't strong enough to shake up the state. But they can get good results even so. If excavating equipment operators are dissatisfied and want to strike to make things better, they don't have to wait for permission from a higher authority.

"LO [Swedish Federation of Trade Unions] doesn't have much to do with the workers any more. They have gone into politics and are responsible for the entire country.

"The union should not have accepted the mental pressure we were subjected to in the selection tests in Athens in 1965. We were tested in groups of 20 and we knew that only one in each group would be selected.

"What were they actually testing? I have often wondered. We were only going to work at a machine, a job anybody could perform. It was a kind of slave trade, I feel.

"Greece is also to blame for having accepted these methods. But the same pattern continues there today. Every year, for example, an American delegation comes and picks out the students with the highest scores on their high school exams. How is a country supposed to develop if it is constantly being depleted of its strongest and smartest people?

"I am a Social Democrat, but a disillusioned one. I like their program, their basic ideas. But the party is no longer democratic, it is run from the top. I can't see being a politician and nothing else as an occupation. For a man to be a good politician, he should also work. And I can't accept Strang, just because he has money, investing in houses in order to make even more. People like that can never make me believe they are fighting for equality. That's the kind of thing that makes the rich richer and the poor even poorer.

"The Social Democrats have allowed the Swedes to become middle class. They use their expense accounts to go to restaurants and sex clubs, using money we paid for with our taxes. That couldn't happen even in Greece, although they have a capitalist system. The people would explode."

6578

CSO: 3109

LATE SPRING HURTS HYDRO-POWER SUPPLY, THREATENS FLOOD

Stockholm DAGENS NYHETER in Swedish 14 May 78 p 36

[Article by Bo Engzell]

[Text] Dalarna-Varmland, 13 May--Sweden will have to use extra oil costing around 1 billion kronor because the annual spring flood has been greatly delayed due to the cold weather.

Many waterpower reservoirs are empty. Instead the Hydroelectric Board will have to make full use of the oil power plants since three nuclear power complexes have just been turned off for inspection purposes.

The closing down of the three nuclear power facilities for inspection and fueling must be planned far in advance and has to be scheduled for the period when spring floods can normally be expected.

"We have to work with probabilities when it comes to spring floods. In a way it is a gamble. Some years it doesn't work out," says chief engineer Sivert Gothlin of Hydroelectric.

"This year the spring flood is very late. In addition, with the current cold but sunny weather there is a risk that much of the snow will evaporate instead of melting. This means that the spring floods in the north could be 10-15 percent lower than normal."

Many water reservoirs are empty. This in conjunction with the nuclear plant inspections means that Hydroelectric must now produce a lot of power with oil.

"We're talking about an oil consumption costing a couple of billion kronor," Gothlin says.

The Uddeholm Company is counting on filling its big power plant reservoir in Holjes in northern Klaralven near the Norwegian border.



"We're expecting heavy and very late mountain flooding," said engineer Karl Edlund of Uddeholm. It is still winter in the mountains of Norway and Dalarna.

They are worried at the Bergslaget power division in Dalarna. Although there is a lot of snow, the dry weather will make the spring flood, which has been greatly delayed, much smaller than usual.

#### Many Wait Anxiously in River Valleys

Along the Vasterdal River many people are very worried that the mountain flood this year will suddenly "explode" with rain and warm weather, causing heavy flooding.

The environmentalists, who are in the majority on the municipal council, have said no to planned dam and power plant construction that the hydroelectric company feels would reduce the risk of flooding. Last year the spring floods led to catastrophe in many places.

They have not gone any farther than the discussion level with regard to steps that could be taken.

"It's a tough issue, as tough as the division of property was at one time in Dalarna," said Bengt Olsson, district governor in Falun. "The town has rejected a big hydroelectric dam in Halla across from Salen and parliament has agreed with this decision. Now we must resort to lesser measures, such as clean-up projects and embankments, in order to reduce flood damage."

But personally, governor Olsson feels that a hydroelectric dam in Halla would help stop flooding even though a dam does do a certain amount of damage.

"The present rejection of Halla and power plant expansion is nothing absolute," the governor feels. "In the end it all hangs together with the decision that must be made on future energy supplies."

"We are informing the towns that a Halla dam and other power plant expansion projects could prevent many spring flooding situations," says director Ake Gerge of the Bergslaget power plant division.

It will take many years before the problem of flood protection along the Vasterdal River is solved, commented Goran Ohlsson, chairman of the municipal council in Vansbro which almost flooded last year.

"The towns must get economic help for such things as embankments," he feels. "We have to take the risk of some flooding. Personally I am

opposed to a dam. But if the energy situation changes and hydroelectric power becomes essential, one would have to give it more thought. But a power plant here would destroy many resources."

#### Nature Conservation

Tourist people in Dalarna also want to put a stop to power plant construction.

"Especially when industry is faltering, we must put more emphasis on tourists, and that involves preserving our natural resources," in the view of Yvonne Elisasson of the mountain hotel in Salen.

At the same time people are noting that spring is a month late this year -- it is still winter in the mountains and ski conditions are excellent. The snow depth is in the meters. A sudden spring warm spell would lead to floods in the valley.

"A power plant in Halla would not solve the flooding problem," in the view of Oskar and Kerstin Stadigs of Ersbo. If the dam is built some 50 families will be driven away.

There are very divided opinions in Dalarna about the construction of a dam in Halla. Supporters of Save Vasterdal River are in the majority in the towns there.

#### Deluge

But down in the valleys there are people who want a dam which they feel would provide a certain amount of protection. During the flooding last year 4000 people signed a petition favoring the construction of a Halla dam.

Judit and Hjalmar Enmalm of Bjorbo were among those who took the initiative with the petition. Their house was surrounded by water and damage was extensive.

"Now we must continue to live with insecurity, not knowing if there will be new floods. We should go away but we don't dare leave the house. It is like living with the Deluge," says Judit Enmalm.

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CSO: 3109

# SABOTAGE AT N-RESEARCH PLANT MAY END PROJECT

Stockholm DAGENS NYHETER in Swedish 19 May 78 p 48

[Article by Mats Holmberg]

[Text] The board of Atomenergi, Inc. requested a report from the company's management Thursday on the sabotage revealed by DAGENS NYHETER in its Thursday editions. Until then the company board had known nothing of the damage to one of the laboratories in Studsvik. In a press release, Atomenergi charged that the DAGENS NYHETER reports were "wildly exaggerated."

It was the chairman of the board, Per Anders Ortendahl (Center), under-secretary in the Industrial Affairs Ministry who asked the company's managing director, Bo Aler, for a report on Thursday.

The same morning he had read in DAGENS NYHETER what the management of Atomenergi, Inc. had known since the late summer of 1977 -- that the so-called activation analysis in Studsvik had been subjected to repeated damage.

"I have asked on behalf of the board for a report of what happened," said Per Anders Ortendahl. "We cannot review the matter before we have seen a report."

Discovered in 1977

The sabotage at Studsvik began in the summer of 1977 and continued all through the fall. Time after time the personnel at the laboratory discovered that chemical solutions had been exchanged and that measurement devices had been tampered with.

The whole activation analysis -- a method unique to Sweden for detecting foreign substances in the human body, for example -- was practically shut down between August 1977 and February 1978.

During that time no analyses were sent to customers of the laboratory since no one dared take a chance on their reliability.

The reports in DAGENS NYHETER are "wildly exaggerated," Atomenergi, Inc. wrote in a press release issued Thursday.

"The information that there have been suspicions that someone might have manipulated reagent liquids and the like at the laboratory is correct," the release stated.

"However the analysis results that have been sent out were not affected by these disturbances which have resulted in extra work and time delays."

But DAGENS NYHETER has heard that the destruction was considerably more serious than that.

This wasn't just a matter of suspicions but of concrete cases of sabotage. These did not just affect reagents -- laboratory equipment was also damaged by chemical and mechanical means.

And for half a year no analysis results were delivered -- no tests were made at all.

But no tests that had been sent in were affected. They were locked up beyond the reach of the person or persons responsible for the sabotage.

How do they react at a firm like Atomenergi, Inc. when they discover "disturbances" of such a widespread nature that the activities of an entire laboratory are paralyzed?

The company's press release gave no information on this point. It is known that two people connected with the fortifications administration in a general statement on the company's security mentioned the damage done at the activation analysis center. But this statement was concluded back in August and today it is classified.

No formal complaint was ever made to the police. The Nykoping police were involved when a woman lab worker was hurt by an acid solution that had been substituted. But an acid bottle the Nykoping police took with them was still in Linkoping awaiting analysis on Thursday.

The matter was taken up by the company's safety committee. The chairman of the SIF [Federation of Swedish Industries] club was not informed but -- and in this respect the DAGENS NYHETER account on Thursday was in error -- the Studsvik unions did know about the damage through their representatives on the safety committee.

However it was not possible to find out Thursday what the company had done to find out who might be responsible for the sabotage.

#### Would Be Wrong

"If, for example, we had caught an employee of the firm and had discreetly dismissed him, we naturally wouldn't tell anyone," said the security chief for Atomenergi, Inc., Stig Bergstrom. And if we and others were still trying to find out who is responsible it would also be wrong to say what we were doing."

The main interest of the company is to prevent a repetition -- not to lock somebody up, according to Stig Bergstrom.

The damage that was done at Studsvik is not the only reported case of sabotage against the activation analysis specifically.

Sweden's leading expert on activation analysis is Knut Samsahl of the Technical College in Stockholm. To a large extent he was the one who worked out the method being used in Studsvik today.

For an 8-year period in the 1960's and 1970's he was the head of an activation analysis laboratory in Munich and he told how his laboratory was exposed to the same kind of malicious damage as occurred in Studsvik.

"Chemical solutions were exchanged. Bottles and equipment were damaged," he said. "For long periods of time any serious research was impossible."

Knut Samsahl's research dealt primarily with the detection of environmental poisons.

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CSO: 3109



DEMONSTRATORS MARCH TO PROTEST N-BOMB

Stockholm DAGENS NYHETER in Swedish 14 May 78 p 7

[Article by Bibi Sourander]

[Text] "Stop investing billions in perverse weapons like the neutron bomb. Use the money instead against the massive poverty in the world. Peace costs just as much as war but what you get back is quite different."

That earned Signe Hojer the biggest round of applause Saturday when 1200 people in Stockholm demonstrated against the neutron bomb. They had walked the 6 kilometers from Humlegarden to Langholms Park with banners waving and music playing and they remained patiently in the stinging wind while politicians and artists reviled the new weapon.

"The world currently spends \$400 billion a year on arms and \$15 billion on aid to developing countries," said Signe Hojer. "It is time to change our course. Sweden has made a study showing that arms resources can be channeled into projects to eliminate mass poverty."

Still a Chance

Social Democrat Majbritt Theorin had spoken before her:

"For the first time the people of the world can protest a nuclear weapon before it has already been constructed. If the neutron bomb is built it will also be used. We still have a chance to say no through our politicians and through the United Nations."

Majbritt Theorin, who was recently kicked off the Defense Committee, pointed out that Sweden has by no means set a good example with regard to arms:

"We are fourth in the world when it comes to armaments, using increasingly dangerous weapons. Politicians have lost control over this.

They are forced to accept what scientists and technicians present in the way of new weapons. Research and technical development must be restructured.

"This year Sweden invested 1 billion kronor in military development. In the same period 6 million kronor was spent on peaceful research -- and of that amount, 5.4 million went to the international organization, SIPRI [expansion unknown]. That left 600,000 kronor for peaceful research in Sweden.

"Our only chance," said Majbritt Theorin, "is to say no to the neutron bomb and say yes to expanded peaceful research."

She had been presented to the public by singer Anders Linder in a brand-new rhyme about the Defense Committee: "Down with practice, up with Theorin."

#### Strong Opinions

"The fight against the neutron bomb is going to win," said member of parliament Evert Svensson (Social Democrat), chairman of the Brotherhood Movement, in a speech at a demonstration in Goteborg Saturday.

"One of the reasons for this is the strong public opinion that has broadened its scope in the last year.

"But the United States has not said a definitive no as yet. That makes it all the more important to mobilize the opinion to its fullest.

"The Swedish labor movement has taken a firm stand against manufacturing the neutron bomb," Svensson continued. "At the Socialist International conference in Helsinki a few weeks ago there was complete agreement in opposition to the neutron weapon despite the fact that the ruling parties in NATO countries were participating. That is important to note.

"We in the international labor movement share this view with the churches. I would like to remind you that the big national congress in Vasteras in August 1977 sent President Carter an appeal asking him to stop the neutron bomb," said Evert Svensson.

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## SWEDEN

### BRIEFS

**FOREIGN ARMS SALES**--Last year Sweden sold 695 million kronor worth of war materiel to other countries. That was an increase of 193 million kronor over 1976 sales. But the ratio of war materiel to other export products remained unchanged. As in past years it was around 0.7 percent. Our arms exports in 1977 went to the following areas -- West Europe (neutral countries, NATO, Yugoslavia), 78 percent, the United States and Canada, 5 percent, Asia (Iran, Pakistan, Malaysia, Singapore, Indonesia, Japan), 26 percent, and South America (Argentina, Brazil, Venezuela), 2 percent. Exports to Argentina consisted of pistol ammunition at a total cost of 200,000 kronor. Swedish manufacture of war materiel was estimated at 2.707 billion kronor in 1977. Thus the 695 million kronor in exports amounts to a fourth of the war materiel manufactured in Sweden. [Text] [Stockholm DAGENS NYHETER in Swedish 22 May 78 p 28] 6578

CSO: 3109

CSCE CONFERENCE, DETENTE VIEWED BY DIPLOMAT

Zurich NEUE ZUERCHER ZEITUNG in German 6 May 78 pp 29, 30

[Article by "Bue:" "Preliminary Result of CSCE after Belgrade: a Speech by Ambassador Bindschedler;" passages enclosed in slantlines printed in italics]

[Text] In a speech before the Swiss Association for Foreign Policy [SAFP] on 2 May in Bern, which was devoted to a /"preliminary result"/ of the /Conference on Security and Cooperation in Europe/ (CSCE), /Ambassador Rudolf Bindschedler/ believed he could state "for the most part only unpleasant things." Introduced by SAFP president /Felix Schnyder/, former Swiss ambassador to Washington, as the "legal conscience" and an "element of continuity" in the ever-changing EPD [Swiss Confederate Political Department], Professor Bindschedler, in more than an hour of frank speech, first reviewed the important points of the conference in Belgrade in order, and then, in an evaluation, attempted to /assess the entire "CSCE undertaking" politically/ and also to draw some conclusions for Swiss diplomacy. According to Bindschedler, the latter should internally and especially in conjunction with other neutral and nonaligned nations, begin work on preparation for the Madrid meeting, which was already announced for 11 November 1980 in the brief final document from Belgrade.

"Extraordinarily Meager"

Bindschedler characterized the "extraordinarily meager" and nonsubstantial result of the Belgrade conference as a consequence of a /profound disunity/ among conference participants. He considers it regrettable because the Helsinki paper is in need of elaboration and formalization in many areas. According to announcements 10 days later, only the Soviets declared themselves satisfied with the outcome of the Belgrade meeting which concluded on 8 March. Because of the course of the conference, in a variation of a well-known definition Bindschedler sees in politics the "art of making the possible impossible." Basically /no willingness to negotiate/ was present; instead of actual dialogue and an exchange of opinions there was a great deal of confrontation and polemics. The Soviets, who contented themselves

with three proposals in the military-political area, let it be known from the beginning that they would also be /satisfied with nothing/ and correspondingly downplayed the significance and scope of authority of the meeting. The West was, from the start, in the position of challenger all along. Although precisely to the advantage of the small and neutral nations, each country was a /sovereign/ conference participant; /bloc-politics/ again played a significantly larger role in Belgrade than in Geneva and Helsinki. The Soviets controlled their satellites much more tightly this time. Thus, the /room to operate of the "neutral and nonaligned nations"/ (N+N group), whose close cooperation Bindschedler praised along with the pleasing role of the host, Yugoslavia, was /smaller/ than at previous conferences. The West was unified more on paper; the USA did not prevail and did not play the leading role to which it was entitled. The policies of its very large delegation, which often gave evidence of effort in the internal agreements, revealed too much showmanship--too much friendliness toward the press and too little discretion in the negotiations, although such had been agreed upon in the preliminary conference--and were used by the Russians partly as an excuse for the rejection of Western proposals. The N+N group achieved a kind of leading position with its compromise proposal on 1 February which received little support from the West. Finally, France played "a dirty trick" by going its own way at the end.

#### Proceedings and Reasons for Failure

Bindschedler characterized the course of the conference as "even more chaotic" than Geneva and Helsinki; the CSCE system more or less exhausted itself in Belgrade. The continual rotation of the presidency and the lack of a strict work organization had a negative effect. The absence of a time limit allowed room for all kinds of maneuvers. The /consensus procedure/, according to which resolutions are regarded as passed if no opposition is raised, has in itself the sense of a protection for the weaker nations who, in this way, are not forced into agreements. Little Malta repeatedly used this consensus procedure obstructively in connection with the finally agreed-upon meeting of experts concerning issues in the Mediterranean. This action may have unfavorable repercussions on other small countries. It exposes them to the charge of a lack of seriousness, possibly prompts their omission from other conferences, and is apt to discredit the consensus procedure which has come into use in recent years.

Bindschedler sees the far-reaching /failure/ of the conference in connection with the /worsening of the international situation/ (Horn of Africa, difficulties in the arms limitation talks), which affects Europe and the relevant detente policy. Just as Europe makes a portion of global policy and vice versa, so /"detente"/ proves to be /indivisible/. All proposals, even those of the N+N group, were rejected by the Soviets. That was not a negotiating tactic, as one was inclined to assume at first, but rather a manifestation of the lack of desire to negotiate. Bindschedler sees the main cause of the failure, however, in the lack of flexibility, in the rigidity, of Soviet leadership, which, moreover, also wanted to demonstrate its intransigence relative to Carter's human rights rhetoric.



## Human Rights

Thanks to the insistence of the West, which, at the same time however did not always operate skillfully, /human rights/ formed the /main theme/ of the conference. At first the East listened passively, then it appealed to the principle of nonintervention, and finally it took the offensive, above all against the USA, praising the Eastern system of society as the manifestation of a policy which places man completely at the center of governmental activity. Bindschedler recalled that at Helsinki, thanks to the "third basket" put forward by the West, human rights were introduced /for the first time into the international discussions on security/. As he explained, the reduction of external threat could in itself lead to an increase in internal pressure and constraint. The experience of recent years in Eastern Europe has shown, however, that an increase in pressure at home becomes more difficult if the profile of the external enemy moderates. The prohibition on intervention as well as the guarantee of human rights are firmly established in the concluding documents from Helsinki; the one depends on the observance of the other.

Human rights, which have experienced a great revival in international law since 1945, have definitely become an international cause; at the same time, however, to their substance also belongs the ability to enforce them in accordance with proper procedures. The eastern countries above all, but the West too, insist upon limitations by means of national laws and areas reserved for police authority. The ability to enforce them has therefore remained with the individual countries. But nevertheless minimal standards are maintained, and international discussions and mutual reproaches are permissible in the area of human rights. The East has moreover never denied its obligations to human rights, even if it insists upon autonomous interpretation. According to Bindschedler, there is some progress in that area; however, regimes which violate those rights cannot be changed all of a sudden. In outside efforts it is necessary to observe an /irritation limit/ which runs parallel to the objective or subjectively-felt threat to the existence of those regimes. It would be unreasonable to nurture false hopes among the peoples in the East, after the West watched the suppression of internal movements for freedom with their arms crossed in 1956 and 1968.

## What Progress in Detente?

Bindschedler regards the effects of the Belgrade conference as a stagnation of East-West relations, or even a marked tendency to a /hardening/ of them. He sees a drawback in the fact that the weak spots in European political cooperation, which were drastically made clear by France's going its own way, among other things, have been revealed, and besides, confidence in the USA is badly shaken because of the "jumpiness of the American leadership." How will detente proceed given this situation? For the /East/, /detente/ means the same thing as peaceful coexistence, that is, a "continuation of

the international class struggle using all means" except force on a larger scale. On the other hand, for the West detente is an end in itself. The maximum goals of Moscow's strategy are the lulling to sleep of the West, the weakening of European defense, a Pax Sovietica in Europe, support against China and the achievement of economic advantages. Moscow's success depends upon possible Western weaknesses and on whether it even wants to assist those goals. If that is not the case, the Soviet Union limits itself to the safeguarding of the status quo and the security of its satellites.

Under /"detente"/ therefore, both sides understand something /"opposite"/, and not a common goal. Such a goal lies only in the avoidance of large-scale war. According to Bindschedler, however, the idea that the policy of detente is always only a one-way street toward the East is incorrect: both sides have strong points and risks in this situation. In the East, the latter lie in the internal unrest, the striving for independence by the satellites, Eurocommunism and its own economic weakness. On the other hand, the West suffers from its internal disunity and from the chronic overrating of domestic over foreign policy. The /constant pressure/ for /detente/ lies in the necessity of avoiding large-scale war. A return to the "roll back" policy would be too great a risk. With it, it is possible that the East, which immediately takes advantage of every Western weakness, would be more willing to take risks with the increase in its military power. Experts say that the interest of the East in avoiding war is decreasing. Under this point of view, the /maintenance of strategic balance/ is central. Counter to the unlimited ideological battle of the East for an overthrow of the social structure in the West, the West can aim for a gain in time and for a relaxation of the internal conditions in the East. At any rate, the success of Western detente policies, requires /tenacity and endurance/.

#### Significance and Possibility of Further Follow-Up Meetings

In this sense, additional follow-up meetings to Helsinki can remain meaningful as instruments for striking a balance. On the way to it, the East can be influenced in the direction of more freedom and a loosening of the satellite framework. Such follow-up meetings require a desire to negotiate and discreet diplomacy, however. Since "Helsinki" is based on the sovereignty of the individual countries, small and neutral nations can take part in larger policies without too great a risk. Such countries must at the same time, however, fundamentally restrict themselves to realistic proposals which concern the large nations, must forego a contrary role, and, if possible, avoid allowing themselves to be made into scapegoats by the great powers. The goal must be the safeguarding of their own interests and international law. In acts of intervention one must wait for the propitious moment and the "ripeness" of a situation. A neutral nation must never become the follower of a great power, must guard against thrusts which stab others in the back, must assume a clearcut position which maintains confidence and must never go along with any cover-up attempts. Bindschedler concluded that the aforementioned also applies to Switzerland, which has an interest in the continuation of Helsinki policies and can seek compromises in the course of

future negotiations without, at the same time, forfeiting its own convictions. It is clear, moreover, that Switzerland should patiently and tenaciously pursue, as a "long-range matter," the proposal concerning a system for settling international disputes, for which the political conditions at present are not yet favorable.

9241

CSO: 3103

CSU'S STRAUSS ATTACKS GOVERNMENT'S ECONOMIC POLICIES

Duesseldorfer HANDELSBLATT in German 5/6 May 78 p 24

[Article by Franz Josef Strauss: "The Contradictions of the Federal Government Are Poison for the Germany Economy"]

[Text] Bonn. In the current discussions of the business outlook the perplexity in the government camp is achieving triumphs. Almost daily there are new conflicting statements, since all experts predicted that the government again this year would probably fail to fulfill its goal of growth--with 3.5 percent for 1978 already sufficiently modest. It reads like an April weather report when the federal minister of economics declares in a newspaper interview on 10 April 1978: The Federal Government continues to be of the opinion that further meaningful measures for the stimulation of our growth are not possible," while only 2 days later the federal minister of finance announces in another newspaper that if "planned growth of 3.5 percent should not be reached the government has "a whole battery of possibilities for counter measures."

In the same breath he decisively rejected tax reductions, confirmed this statement further last Friday, in order to explain suddenly in a radio interview last Sunday to the surprised public--contrary to all previous statements--that he favored a more just tax rate and considered a new wage tax rate already possible for 1979.

Chancellor Schmidt, however, promptly turned against new reductions and thus countermanded the ideas of Matthoefer. This series of contradictions, which in an embarrassing fashion reminds us of the events of last summer, dangerously deepen the existing crisis of confidence; they are poison for the business atmosphere. Only a clear political line, linked to the principles of social market economy and the production concept, will be able to help us out of these difficulties.

A comparison with the situation of 1948/49 is in order. At that time Adenauer and Erhard liberated us from the shackles of bureaucratic controls and attained for the broad mass of our population a high standard

of living and a large measure of freedom. This also was the decisive condition for the incorporation of millions of refugees and expellees from the Soviet-occupied zone into the productive mechanism, with simultaneous reduction of unemployment (1.9 million unemployed in the annual average of 1950).

Today our system of social market economy is in danger of gradual strangulation as a result of the intensifying distribution struggles, increasing restriction of mobility for private initiatives, steadily increasing government expenditures, overflowing burdens of taxes and fees. Following the principle "the victim is at fault," ideologists of the left of all shades are questioning our economic order after the stranglehold has steadily continued to grow through more government, excessive increases of costs, bad-mouthing of performance and enterprise.

The present business situation is characterized by below-capacity use of the two production factors: labor and capital. In the long run we cannot afford this waste of energy of high unemployment and below-average utilization of capacities. We need growth if we wish to maintain our standard of living and our social security, and at the same time do justice to the international tasks confronting us.

#### Revenues Fell Behind

It is not questioned today that the unsatisfactory economic development, particularly the high unemployment in the Federal Republic, is essentially due to an investment level which is too low. A price-adjusted comparison of the investments made in 1977 with those of the year 1970 leads to the very serious conclusion that, for instance, the equipment investments of enterprises in 1977 were only about 5 percent higher than in 1970. In building investments the growth, with about 3.5 percent, was even lower. Thus the word "investment gap" is fully justified.

Decisive for the low investment level is the extreme shrinkage of profits. The profit compression which began in 1970 led to the fact that the return on net worth of business corporations remained below the yield of riskless government loans until 1976.

Only in 1976--when more moderate wage agreements and productivity gains, resulting from better utilization of the plants, permitted an improvement of the entrepreneur profits--the capital interest increased above the interest on state loans. However, from the estimated values of the economic over-all balance for 1977, a serious deterioration in business profits is again evident. The outlook for 1978 is not much better.

The long-term profit expectations play a decisive role for the investment decisions of business enterprises. No enterprise can accept the growing risk of new investments if no profits can be expected.



Causes for this development of lower yields are, first, the rise in wage and secondary wage costs which far exceed the advances in productivity. For instance, the contractual hourly pay in productive business increased by 106 percent from 1969 to 1976, but the resulting income per work hour only increased by 42 percent. Since at the same time industrial producer prices could only be raised by 48 percent, that part of the pay increases which exceeded the production progress, and could not be compensated for by price rises either, went at the expense of the profit quota.

These developments of wage costs were accompanied by increases in secondary personnel costs. From 1966 to 1975 these nearly tripled. According to estimates by experts in 1978 they will amount to DM 66 to 77 per DM 100 direct pay. If in the future we do not wish to see further deterioration of employment opportunities an extreme measure of discipline is necessary in regard to wages and secondary wage costs.

Without a policy concerned less with distribution and more with creation of values, a turn toward more investments and more jobs is impossible. Such a reversal presumes--according to the opinion of our Council of Experts--that wage policy temporarily does not fully absorb the productivity margin of the entire economy. That does not mean stagnation, but moderation.

#### Worried Employers

A decreasing wage quota does not lead to an effectively dropping real income of the wage earners, but merely a temporary lagging of the growth of real wages behind the progress of productivity--which in the Federal Republic continues to be relatively high in comparison to other industrial countries.

Questionnaires show again and again that most wage earners are more interested in price stability and job security than in high nominal wage boosts, which according to experience in a short time are largely used up again by rising prices, taxes and social contributions. The workers have indeed become aware of the connection between wage increases and price increases.

Other causes for the deterioration of the investment climate are growth pessimism, uncertainty on the part of employers, and attacks on the free enterprise economy, as well as consumer restraint on the part of worried consumers.

Growth pessimism is spread by all those who continuously speak of "market saturation" and say that "old fashioned needs" are satisfied. For our economy there are enough growth opportunities, such as the catch-up needs of broad strata of our people, restoration of old dwellings, measures for heat storage and heat insulation, new possibilities of energy production, environmental improvements.

Certainly one cannot generally speak of saturation of needs, even though over the long haul consumer patterns will change because of the decreasing number of children and youth in the total population. Also the fact that about three-quarters of the world population can satisfy hardly more than the very minimum of needs clearly refutes the thesis of a general saturation of needs. We must ponder how we can place the existing production capacities of the industrial countries into the service of the Third World more than has been the case so far. Most realistically this can take place through a corresponding organization of aid to developing countries and further extension of our foreign investments.

For those who, like our government, primarily always look abroad for the causes of our growth weakness, make the Vietnam war responsible for our increased inflation rate since 1970, and blame the Vietnam war, the Near East war and the oil price rises for the business depression of 1974/75, nothing remains by way of therapy but to helplessly hope for salvation from abroad and to preach joint international action for overcoming unemployment--a vain hope. Foreign trade statistics clearly show that until 1977 the export volume showed a very positive development. It is indeed the export business which has, to an unusual extent, prevented an even stronger collapse of employment.

#### Clear Rejection of Reformers.

The Federal Government must clearly rebuff not only the overt system reformers but also the secret ones. Secret reformers are not only the investment managers but also the planners of branch structures, bureaucratic planners of technical progress, innovations and rationalization investments. The market must decide about all of these things, otherwise we run the risk of gigantic mis-developments.

The advocates of a "new qualitative growth" belong to the system reformers even though sometimes unconsciously. Thus the president of the German Labor Union Federation recently wrote in an article: "Qualitative growth, that requires relatively assured prognoses. The future development in individual branches, regions, but also the development of technical innovation, must necessarily be foreseeable." And this if possible for ten years ahead. The development of the last decades however has shown after all that correct global projections even for one year are not possible, not to speak of specific branch projections. The structural reporting which has been taken over by the economic research institutes is going to show all interested parties in what an extremely complex manner economic development proceeds.

Development in the Eastern countries--which year by year further lags behind us in regard to work productivity and, as a consequence, their standard of living--documents clearly the failure of planned economy. The productivity lag in the Eastern countries is not the result of lack of industriousness of the population, but of the waste of all resources which is inherent in the system.

We have already moved too far ahead on the disastrous march into the welfare state. Government consumption, particularly the transfer payments, must be restricted in its growth rates in favor of investments. Nobody wants dismantling of social accomplishments, but in the interest of the solidity of our system of social security and its permanent financial strength we definitely will have to move more slowly in the future. Of government expenditures at present more than 46 percent represent expenses for transfer actions, 43 percent for government costs, only 7 percent for total investments and 3.7 percent for interest. This faulty structure of expenditures must be improved in favor of investments.

If the government should yield to demands and by creation of additional jobs in the public sector give the impression that in this manner unemployment could be, so to speak, painlessly eliminated at the expense of all, this would amount to further advance scheduling of gradual infiltration of the market economy by a steady enlargement of the government sector.

Our tax structure requires basic reform. For years the focus of taxation has shifted increasingly toward direct taxes, which in 1977 amounted to about 61 percent of the entire tax yield. In 1970 this was only 53 percent. The principal contributor to this shift has been the wage tax as a consequence of high progression in the lower and middle income levels; its share of the total tax yield grew from 22.8 percent in 1970 to about 30 percent in 1977.

A lowering of direct taxes is necessary for economic reasons as well as for reasons of foreign trade and reasons of social policy. We must attain a state in which accomplishment again pays, and create a stimulus for taking on the risk of investments. Therefore it is a matter of priority to put into effect, beginning as early as 1979, a new tax schedule in the income and wage taxes, and thus to counteract the secret tax increases.

Early this year politicians of the FDP, Mr Mischnik and Mrs Funcke, have also spoken in favor of a new income tax schedule which would especially eliminate the rate jumps in the lower and middle income levels. These rate jumps have had the consequence that the wage tax revenues have increased by 158.7 percent in the period from 1970 to 1977 (base year 1970), while the gross amount of wages and salaries grew by 78.8 percent in the same period.

Among the financial and trade politicians of the Union there is full agreement that reform of the tax structure must not be limited to income and wage taxes if we wish to return to more investments, that especially a further significant lowering of the business taxes is required. The headline in *HANDELSBLATT* of 2 May 1978: "CDU/CSU against lowering of business taxes" is not correct; in this question I am in full agreement with Hansjoerg Haefele, chairman of the Committee on Finance Policies of the CDU/CSU Bundestag fraction.

As important as it was, beginning with 1978, to lower the property tax rates by about 30 percent as well as the conditions for the degressive depreciation and to improve building depreciation, these measures by themselves can by no means produce the necessary new growth impulses.

The Council of Experts just pointed out in its 1977 autumn report that it is one of the most important tasks "to push reform of the tax system so that the tax burden will continue to be shifted further from investment-inhibitory taxes to those that are encouraging to investment."

A tax system that burdens investments which do not yield income conflicts with investment growth. A tax which uses the wage sum as a base of measurement works greatly to the disadvantage of employment. Also discriminatory against investments is the trade tax, because it levies a second property tax from the firms in the form of the trade capital tax.

#### Dismantling of the Trade Tax

Property tax and trade tax are forms of impost which most Western countries either do not know at all or at least not in the magnitude practiced by us. It must be a decisive objective of the improvement of the tax structure to decrease the burdens which are independent of profits. In the period 1970-1977 (base year 1970) the burden of yield-unrelated taxes upon the economy rose by 86.3 percent while the burden of payroll taxes rose by 150 percent, and that of business capital taxes by 118 percent.

Enterprise must again become rewarding. Only by strengthening the capital resources of business enterprises will they be able to take new risks. The risks involve development of new products, new production methods and new markets.

The trade tax must be dismantled, as was already intended by the finance reform legislator. The volume of the trade tax must be decreased in the coming years by the trade tax assessment. This trade tax assessment was introduced beginning in 1970 with the objective of lowering the trade tax by the volume of this assessment. The communities are obligated to turn over to the Federal Government and the states DM 9 billion of their trade tax revenue. Thus the trade tax is no longer purely a community tax.

Lowering of the trade tax burden by the volume of the trade tax assessment would not impinge upon the financial status of the communities, although it would create financing problems for government and Laender. Because of the dismal financial situation of area corporations and social insurance--by themselves sources of additional uncertainty--the reduction of the trade tax burden cannot immediately be realized but only in step-wise form with proper consideration of the additional revenue problems. The objective must not be postponed into the distant future.

The corporation tax reform remains patchwork as long as double burdening of company and shareholders is maintained in the case of the property tax.

Despite this reform there are many middle class enterprises which cannot choose the incorporated company as their form of enterprise because the double burden of property taxation, which cannot even be deducted as a business expense, actually prohibits this step. It has to be emphasized again and again: if we do not succeed in adjusting our tax system to the changed economic realities in the next few years and realize this objective at least in stages, growth inhibiting influences will also spread further from this side.

The German economic and financial policy must become a policy of improvement of growth conditions. Creation of an investment-favoring climate and its stabilization remains the only promising therapy for our future--by which alone the demand for labor can also be improved. It would indeed be disastrous if, following the testing of national load capacity, now the susceptibility of the economy for planning should also be tested with disregard of the market.

8324

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RESEARCH MINISTER'S POLICIES, VIEWS DISCUSSED

Hamburg DIE ZEIT in German 12 May 78 p 29

[Article by Wolfgang Hoffmann: "Research Promotion—Minister With a Changing Profile—Volker Hauff Intends To Control Tempo of Progress"]

[Text] Volker Hauff, a descendant of Wilhelm Hauff, the Swabian writer of fairy stories, is described as follows in the postscript to his book "Politics as a Force Shaping the Future": "Always the youngest: as high school graduate, as candidate for the doctor's degree, as SPD parliamentarian, as parliamentary secretary." We may now supplement this sketch of his personality by adding: Volker Hauff is again the youngest, namely, at age 37, as minister for research in Schmidt's cabinet.

To have always been the youngest might have had almost traumatic effects according to current routine psychology, because this constantly youngest one has also always been in first place, getting A grades, which is not always of advantage in politics. Arrogance and impatience will in such cases often show up unwittingly, even worse if joined by another trend, namely out of cool calculation never if possible to utter anything foolish.

Volker Hauff is not likely to succumb to these dangers. During last year's debate on nuclear energy he kept himself under cover for a long time, much too long, as some thought. This almost cost him the chance to ever become minister. What saved him in the end was his support of nuclear energy at the 1977 SPD Party Congress. It is there that he made an impression on the chancellor.

But in contrast to his predecessor Matthoeser, Hauff hardly offers any targets for attack, as Matthoeser was doing so profusely. However, Matthoeser was steadfast in his opinions. Even his closest advisors seldom succeeded in talking him out of some absurdity that would not go well "outside." Matthoeser lived like one who tells himself: that's how I am, that's how I shall stay.

Not so Volker Hauff. He consciously works on himself, and allows others to work on him, always intent to become the way he should be. He would then also suppress characteristic features if they are out of place. It is therefore not accidental that he gives a stream-lined impression, a trace too polished. This is one of the reasons why he is occasionally called a technocrat.

However, that would be misjudging him. It would not fit his political concepts to grant technology primacy over economics and politics. Hauff has been a member of the SPD since 1959. His political and Social Democratic beliefs were shaped during his student years in Berlin, where he studied economics and sociology. Hauff, who today has to champion the cause of nuclear energy, in those days belonged to the "fight atomic death" movement. In the middle sixties he was one of the young men in the circle around the incumbent mayor, Willy Brandt. When the great coalition was formed in Bonn in 1966, he was one of the disappointed ones who suspected betrayal of classical Social Democracy. That was the time when several circles formed within the SPD, left of center, as it were to rescue the SPD from the big permanent embrace by the bourgeoisie. Hauff belonged to the Tuebingen circle.

Probably from those days of the Tuebingen circle, Hauff has been marked as a leftist. The youngest member of the Schmidt team is not very fond of such and similar cliches; in his words: "I am not at all impressed by this label because as a rule it amounts to fraudulent labeling. I would like to put it this way: if being left means to give thought to the social conditions of the people's lives and to search for ways to attain greater solidarity, more justice and greater equality of opportunities, to sponsor these objectives in practice and to realize them, then I am left. If that is technocratic, then I am a technocrat. If it is pragmatic, I am a pragmatist. The main thing that matters is the objective."

What kind of research policy can be expected of a man of this type? Now that he is finally the top man, will he completely turn around what his predecessors, Horst Ehmke and Hans Matthoefer, under whom he had been serving, had set in motion? It can hardly be expected from Hauff, who is now already serving his sixth year in the leadership crew of the department. We may add that continuity is a part of the nature of this area. Research policy is future-oriented, and you can't just any day decide on a new future.

Nevertheless, Hauff's research policy will be a shade different. Hauff likes to talk about the "social responsibility of research policy." In Horst Ehmke's times it was called "societal responsibility." Hans Matthoefer did not care too much for such intellectual slogans. To him politics was not so much argumentation but rather inculcation. Of such, he was a brilliant practitioner as a former functionary of the IG Metall enterprise. Matthoefer drummed it into people, indeed he agitated. Hauff

prefers controversial discussion, the intellectual sport. He finds his forum move among scholars.

No one will be able to drive Hauff into a leftist corner. Confronted with the undeniable fact that growing technological progress visibly eliminates work places, something that according to customary opinion the socialdemocrats should be the first to prevent, he immediately sends it off with the remark: "The history of industrialization has always been a history of destroying jobs. The railway destroyed the jobs of the coachmen on the stage coaches." This is a remark that could have come from Otto Count Lambdorff, a liberal, with whom Hauff has cleverness and quick wit in common.

#### Blaming Both Parties of Collective Labor Contracts

However, Hauff still admits that influence must be exercised over the "kind, extent and speed of technical progress." He recognizes that there exists here "a need to regulate." But who is to do the regulating—the state? Under no circumstances. "This is a matter for the two parties of collective labor contracts. I am a politician and cannot judge in what respect and in what manner the regulating has to be carried out."

He is quick in presenting a practical example. The conversion of the production of telecommunications equipment at the Siemens-Bruchsal works from an electromechanical to an electronic technology resulted in the loss of jobs. Concerning this, Hauff remarks: "The development was foreseeable. The question should have been asked much earlier, what was done by Siemens to anticipate the foreseeable. It should have been the subject of negotiations between the two parties of their collective labor contract, while shop committees as well as executive management should also have been involved. Here we had a need for regulatory measures, which in my opinion have been handled by both sides merely defensively in a negligent manner. There was no necessity to throw a few hundred people into the street, especially since this is a company that reaps a profit of DM 600 million."

The fact that Siemens is also the largest recipient of subsidies from his ministry the new minister neglected to mention. But he remarked: "Why only take pride in paying DM 8 dividends on each 50-mark share, why not for a change take pride in the gains on your social balance sheet."

What is Hauff's attitude toward modern technology? While on the one hand emphasizing in discussions the positive potentialities which technical progress is opening up, he also hinted in a talk before leftist Social Democrats and trade union workers that the idea is not at all alien to him that technical progress must be artificially retarded in order to maintain jobs. "It might at first sound unrealistic: We are today faced with the challenge to adopt internationally adjusted measures as a temporary restraint on those civil technologies which, if generally applied, would result in serious social disasters."

But Hauff's preference is still to create new jobs by means of new technologies. He recalls a study on the automobile with extended durability which today is already economically feasible, and which furthermore would have additional employment effects: "On balance, the car with extended durability is a winner, since as a consequence of its adoption employment in the entire sector of the automobile industry is not down but rather up—although less in the production area but correspondingly more in the area of handicraft work."

Conventional measures on a global scale are no more sufficient to solve the problem of unemployment. We have to use "unconventional differentiated instruments." But which? Volker Hauff gives one example: There is absolutely no rule that complex computer systems are only meant to book flight reservations for some people trying to get the last seat on a Madrid to Honolulu plane." Why don't we employ such systems to give every unemployed man looking for employment the opportunity to get a complete picture of where and what positions are still vacant. If a vacancy will have been found, the reasons should be examined why this position has not yet been filled—whether due to deficiencies in education or training, in qualifications or a lack of mobility. A systematic effort could then be made to help the applicant in question. Modernisation strategy should therefore comprise, not only modern technology and technical innovations, but also social innovations.

Hauff often uses such key-words as "modernisation strategy" and "innovative thrust on a broad front." They are part of his credo, "no matter whether we talk about coal, steel, dockyards or machine-shops." Provided there is indeed such a strategy, then it would also be defensible to grant state subsidies to certain branches of the economy to help them overcome some of their lean periods. "But only if there is a plan, because a country like the FRG has no chance anymore in such lines as tanker construction, mass production of steel or mining of raw coal (excluding the processing of coal)."

#### An Atmosphere of Fundamental Change

Neither keeping firemen on electric locomotives nor shorter working hours provide solutions that Hauff would consider. In his words: "This would be an attitude of resignation, very defensive. What we need is an atmosphere of fundamental change." Hauff has every intention to create this atmosphere of fundamental change. Under his predecessor, Matthoefer, measures had already been initiated to improve the instruments that would serve just that purpose. Risk financing will be given a more prominent role. Special offices shall be made available for consultations on innovations, to help small and medium enterprises on their road to converting to new technologies. "We must shorten the way between the production of an item and its ultimate economic disposal; we must encourage enquiries as regards research results."

All this will of course cost money. In realizing his strategic research plan, Hauff can be certain of assistance from the Ministry of Finance, but at the same time he must have the courage to retrench or stop certain projects. He seems ready to do this. "The fact that a project had been promoted initially must not be taken to be its legitimation to be continued at will. At all places where profitableness is imminent, or within sight, we have to realize whatever we have proclaimed to be our objectives: to promote only such projects where developments are fraught with great risks."

In the area of developed reactors, Hauff intends to demand stronger involvement on the part of the nuclear energy industry. The costs of the fuel cycle (regeneration) must be a charge on the kilowatt hours produced by nuclear energy, and not a burden on the tax payers. "No reactor technology must operate at a zero tariff." Space rockets, satellites, new rail technologies are not to be produced to be placed in storage; their potential users--postal and railway administrations--will have to decide on adopting these technologies. This would mean, "that we must take precautions to minimize possibilities for error." Volker Hauff has been given the opportunity to do just that by his appointment to the cabinet.

8453

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# GROWTH, INFLUENCE OF RADICAL RIGHT EXAMINED

Hamburg DIE ZEIT in German 28 Apr 78 pp 33-37

[Article by Dietrich Strothmann: "Hitler's Present-Day Harlequins"]

[Text] In October 1977 a Jew who had lost his wife in Auschwitz and now lives in California, returned to Germany on a visit. One evening he witnessed the following at a creekside in Munich-Solin:

"At least 30 young men aged between 18-25, dressed in black uniforms, booted, wearing swastika armbands and holding burning torches, sang the Horst Wessel Song and raised their arms in the Hitler salute. First I thought that they were making a movie. One yelled: 'Comrades, we swear vengeance.' Then he assured his audience that the 'heroes' hanged in Nuremberg had been murdered by Jews and Bolsheviks. Their ashes had been scattered in this creek. 'The supreme court of criminal justice will eradicate the Jewish-Bolshevik criminals and all other foes and traitors of Germany!' I did not," continued Armin Rosenthal in his macabre recital, "notice any protest from the ample audience there present. They left in silence. No nightmare, no movie. Real events in 1977, in Germany."

Truly German reality in 1977? Or just a tiny fragment, hardly worth mentioning except that it had affected one of the affected.

A slice of this reality in 1978: The "Egerlaender" is one of the dark and dank bars close to Hamburg's main railroad depot: A counter, two tables, a few chairs; everything looks shabby, worn--the typical low-class saloon. Some customers come in for a quick beer; others are making preparations for their revolution: On occasion the new young brown shirts meet in the "Egerlaender." They have dubbed themselves the "people's elite," nominated Rudolf Hess their leading candidate for the forthcoming European elections and want to restore to its old worldwide splendor Germany, the "eternal Reich" from the Maas to the Memel.

In the smoke-filled "Egerlaender," next to the men's room and the pinball machine, they face the press as the true "saviors of the fatherland": Hamburg native Michael Kuehnen, 22, former lieutenant in the Bundeswehr, leader of

several neo-Nazi splinter groups and Gauleiter of the ANS [Action Front of National Socialists], founded for the municipal elections; also Tibor Schwarz, same age, a stocky mason; Christian Worch, a shy looking unemployed legal clerk; Frank Stubbemann, student of mineralogy in Kiel (with the title "senior ANS recruiter for Schleswig-Holstein"); in addition an 82-year old member of the banned Socialist Reich Party who is barely able to contain his pride in the lads who will continue our efforts"; that journalist from Lower Saxony who raised his right arm in the Hitler salute in February last at Kappler's graveside in Soltau and was promptly cited by the police; and, last not least, self-appointed "German Regent" Erwin Schoenborn, 64, leader of the Frankfurt "Alliance of German Soldiers."

These are the people about whom foreign newspapers make so much fuss, especially and regularly the NEUES DEUTSCHLAND, where Politburo member Mueckenberger asserted: "The Federal Republic is well on the way to becoming a Kappler Republic." They send shudders down the spines of Jews, antifascists and democrats. Allegedly capitalists and CDU "revanchists" make common cause with them and spread the "stench of Nazism" (quoting the Moscow transmitter 'Peace and Progress'). It is said that police and the BfV [Federal Office for the Protection of the Constitution] fearfully hide their heads in the sand confronted with those who are so easily recognizable as Hitler's harlequins in their brown shirts, black breeches and boots. When one sees them in the dilapidated "Egerlaender," feet planted wide, narrow chested, holding forth on lifting the ban on the NSDAP, on the stop of the nuclear power plant construction program, on the end to criminal prosecutions of National Socialist war criminals, one feels like advising the doomsayers not to get so excited.

Or are they really the very dangerous forerunners of a still active rearguard? Is another 1933 imminent after all? Whenever a Jewish cemetery is desecrated, a synagogue defiled; wherever a swastika is sprayed or pasted on walls or shopwindows; wherever the Horst Wessel Song is sung and marchers parade through the streets with the death's head on the brown tie and the SS insignia on the belt buckle, the cry goes up: They are returning, or even: They have arrived. In fact they do not even exist--although some people are seriously concerned.

SPD sub-bezirks, Juso [Young Socialists] Kreises and citizen committees warn the public: Once before it all began on a small scale, with just seven people. SPD chairman Willy Brandt sent an admonishing letter to the Federal Chancellor, asking him in future to devote as much attention to right as to left extremists: He (Brandt) suspected that "those authorized to decide at municipal level tend to be far less vigilant toward the dangers threatening us from right extremist neo-Nazi groups than with respect to attacks from the left." Learned men such as Bonn historian Karl-Dietrich Bracher look backward anxiously and draw horror pictures: "In the 1920's also we first had an up and down of right radical groups, and the strong and large party was not characteristic. There are some rudiments now which, in case of a social and economic crisis, may well coalesce in a political movement." Hamburg Interior Senator Werner Staak considers that "some local smoldering fires" may turn

into a "neo-Nazi conflagration." To lend weight to his somber prophesy he cites the figure of 560 neo-Nazis in the Hanseatic city. In fact there are no more than 2 dozen activists at most; 250 are members of the fading National Democratic Party; another 220 hold dual memberships. And that in a city of millions.

Matters are no different in the Federal territory generally, where (outside of Hamburg) neo-Nazis concentrate as mini-groups in Schleswig-Holstein, Lower Saxony, North Rhineland-Westphalia, the Frankfurt and Frankonian region. From 1976-1977--since that time they are more talked about--the proportion of neo-Nazis rose from 600-1,000; only 150-200 are said to be hard core, and at most 50 of these incline toward violence. That is the "brown brood": 0.0016 percent of the total population.

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#### The DRP [German Reich Party] at Bundestag Elections

1953:	1.1 percent
1957:	1.0 percent
1961:	0.1 percent

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Is it therefore true to say that only the television reporters--invited to clandestine meetings by publicity chasing Hitlerite adolescents--make mountains of molehills? Is it mainly foreign commentators who fantasize a "brown resurgence"? Here is only one of a series of particularly silly assertions: After the Schleyer kidnaping LE MONDE wrote in September 1977 that the students had been caught in the toils of terrorism in order to prevent, at the last moment, the NPD [National Democratic Party] from taking over in Frankfurt/Main at the next Bundestag elections and there "proclaiming the first German national capital" of Germany. Upon this invocation of the "still live bacillus of National Socialism" Paris politologist Alfred Grosser had his say: 'As long ago as 1969 I remarked: If Willy Brandt had gained an absolute majority of 50 percent at the Bundestag elections and the NPD had entered the Bundestag with 5 percent, the entire foreign press would have paid attention only to the 5 percent.' Just lately former Hamburg mayor Herbert Weichmann put the matter in its proper perspective: "No objective investigation provides any reason (for disquiet). The evil frequently consists not in the existence of a right extremist group but in the exaggerated publicity surrounding a single incident."

The potential of right extremists is very meager indeed. New Hitlers, Himmlers or Heydrichs have no chance of getting going in the Federal Republic. Nevertheless: The neo-Nazi specter moving in splinter circles and cells did assume a new quality in the past 3 years, and the BfV is carefully monitoring it: It is not afraid

Firstly quite openly to glorify National Socialism,

Secondly to frankly preach antisemitism, and

Thirdly to use violence.

**Glorification of National Socialism:** Young Nazi Michael Kuehnlen who campaigns for the readmission of the NSDAP and had the rudiments of the swastika (the hooks only) printed on his NSD election program, considers himself the forerunner. He wants to "be the servant of a coming NSDA which, at some time or other, will make history in Germany. Otherwise there might not be a Germany in the generation after the next." For self-proclaimed "super-Nazi," former attorney Manfred Roeder from the "German Citizen Initiative," the "German Reich has not ceased to exist since 1945" and former Admiral Doenitz continues to be the "legitimate leader" of this "eternal Reich." At the same time the young Nazi gangs in black quasi-uniforms march for the renaissance of National Socialism to their "Reich Meetings" and "Auschwitz Congresses." They sing "brittle bones tremble" and long for a Greater Germany without party democracy, without freedom of opinion but with a leadership principle, labor service, world hegemony and freed concentration camp murderers whom they laud as "NS [National Socialist] warriors."

Roeder praises Hitler as the "bringer of peace" and the "greatest son of our history," his followers yell "Germany Awake!" He indulges in vulgar epithets about this "filthy republic" ruled by a "criminal clique," about this "tattered-demolition democracy" where only "the dregs of the gutter get to the top." Roeder complains of "political persecution" and closed one of his latest trashy circular letters to his "dear friends" with these words: "The brittle bones of this decaying world tremble. We cannot be scared by the threat of everything falling to pieces. We will continue to march and to conquer! No longer is anything worth defending or saving. On the contrary: Whatever shall fall, we will give it another push!"

No longer are Kuehnlen's and Roeder's squads of radicals satisfied with pasting swastika stickers on the walls at night, proclaiming "NSDA!--Now!," no longer do they merely hang Hitler portraits in their rooms, appear merely as "SA Company 8 May" (the day of the surrender), simply yell "eternally atoning for Hitler?" and "20 years of lies are enough!" No longer do they vilify the "penitential drill," the "Pharisean forgers guild," the "vermin," the "plague focus" in Bonn, the "case of war policy" and the "cowardly ritual murder" of the Nuremberg war criminals. These new Nazis talk of the "great octopus," the Federal Republic, which has "its tentacles around everybody and sucks the marrow from our bones." In their opinion "communism should have no more scope than a hanged man between his neck and the rope."

**Antisemitism:** "We are coming," these words are meant to scare the citizens--especially the barely 30,000 Jews who still live in the Federal Republic. They pretend to be anti-Zionists, not antisemites, but hatred of Jewry is writ large on their blood red swastika pennants.



It begins with the assertion of the "Auschwitz lie." Allegedly there were no 6 million murdered Jews, no gas chambers (only large bakeries with the "sweetish smell" of "Christmas cookies"). It continues with totally Streicher-esque slogans: "Zionism aims to rule the world. Should we allow the Zionists to take root among all peoples of this earth, live off the blood and sweat of these peoples? Let them be oppressed and exploited just as the parasites have written on the banner of Zionism? To wish for this would be tantamount to pushing the knife into our own chest, up to the hilt, so that it may yet be twisted in the bloody wound." It finishes with the old-time demagogic appeal "Perish Jewry!", scrawled on Jewish stores, in the repetition of the repulsive NS slogan: "In Auschwitz Labor Liberates," sprayed on synagogues, or in the "song of the Jews" sung to the melody of "The Birds Wedding Feast," the lyrics of which were printed in leaflets distributed in Hamburg:

"In Buchenwald, in Buchenwald Adolf chills all the Jews (refrain: Fideralla, Fiderallala, Fiderallalala). And in Maidanek concentration camp also we waste the Jews. Such a gas treatment in the concentration camps all Jews really like. We want to be good to the Jews, we give them the gas treatment for free on a prescription...And the moral of the story: Whoever is a Jew will not survive. In Auschwitz people have a real high, the ovens will soon be full again."

Roeder celebrated as a "national martyr" just that Wolf Dieter Eckert who, in 1976, was sentenced to 8 months imprisonment for letting loose these hymns of hate: "Hit the Jew in his malicious mouth. Trash his windows, mark his house as a Jewish house. Burn down the synagogues which are still standing. Germany, awake! Aryans, fight for an Aryan community of peoples and destroy Jewry which is the source of all our misfortunes. Sieg Heil!"

In 1974 Manfred Roeder gave the starting signal for the antisemitic hate campaign and allied himself to Schleswig-Holstein farm reporter Thies Christophersen from the "Citizens and Farmers Initiative" (who had worked for some months in the crop testing department of the death camp and wrote a white-washing book "Auschwitz People"). Their joint admission: "With Auschwitz we crossed the river of no return." Two years later the twice sentenced 'savior of the fatherland' (Roeder on Roeder) advanced to a new battlefield --that of terrorism.

**Use of Violence:** There have long been cross connections between right and left extremists. The gun used in 1970 to free Baader in Berlin was obtained by a notorious right radical (Horst Mach, owner of the "Wolfsschanze" bar). Neo-Nazis also maintained close contacts with the guerrillas of the Palestine Liberation Front. The violence of the Baader-Meinhof followers was increasingly applauded and imitated in the camp of the Hitler squads.

Not only does Roeder proclaim a particular sympathy for "Baader, Ensslin and their offshoots" because he "feels nearly the same disgust for this society as they do." Under the heading "The Wind of Change" he told his followers



that terror represented "hope" for Germany: "Those who approve the bombing terror of the democratic RAF [Royal Air Force] against defenseless women and children have earned the terror of the RAF [Red Army Faction] against democratic functionaries." Or: "Those who have, for 30 years, incited young people against their parents should not be surprised if these young people get hold of a machine gun." After the murder of Federal Prosecutor General Buback the neo-Nazi "Reich newspaper" WILLE UND WEG published an obituary poem with the following concluding verse:

"Buback, Siegfried, was a mercenary of the Jews. That is why we are honest about his departure. No misplaced pity here for this or any future corpse. We Nazis have nothing in common with the reds nor with Buback the dead, and the state embodied in him which wronged us whenever possible. Looming now is chaos but it must be so; then we will force the red out and the brown in!"

According to information received by the BfV the latest are black lists compiled by right extremists of those public prosecutors and judges who had jailed them at some time. A leaflet has this death threat: "X day--Hess' death in Spandau!" Warrants issued for "the allied culprits of the Nuremberg Tribunal say bluntly: 'Kill them wherever you come across them!' At his Regensburg "Reichstag" Roeder commented the "execution of Buback" as follows: "Now he who wished to hunt us down is himself below ground. All those who persecute us will take a shameful end and suffer the just penalty."

Most of all, some of the rabid right extremist political rockers have lately advanced another step to the model of the left terrorists: For the first time they attacked a bank, obtaining DM60,000 (in December 1977, from a Hamburg savings and loan branch); for the first time they stole weapons on a large scale (in February 1978 on the Lower Saxon NATO exercise grounds at Bergen-Hohne, where they stole four submachine guns (returned to the police by one of the perpetrators after his arrest).

These are single incidents, but a new militancy is noticeable. There is something to be said for the BfV assumption that the left pulls the right behind it. Though right radical acts of violence declined (from 21 in 1975 to 16 in the following year), they were more serious. Quite evidently increased (see graph 2) have outrages (by 50 percent) and the incidence of swastika graffiti (by more than 100 percent). At the same time criminal investigations have risen from 80 to 317 in the past 2 years, convictions from 33 to about 50.

Quite remarkable is the growing percentage of juveniles involved. In Hannover (ZEIT No 7, 10 February 1978) high school students from good homes are involved in the so-called death's head gang which occasionally threatens Jews but mainly distributes pamphlets; four of them are now before the courts. More and more unruly youths seem to be attracted by organized Nazi rowdyism; by that which is there called comradeship, discipline, fighting spirit, and translated into action as the "sanctified duty" of a uniformed "clandestine community." At night, when solid citizens are abed, it takes the shape of daubing and scrawling swastikas, slogans like "Germans, do not buy from Jews," "Perish Red Front."

Roeder's megalomaniac outbursts ("without a German Reich no country on earth has a decent future") probably are beyond them, but in their immature opposition to the status quo they want to show "society" what's what. Some think it cool to provoke the establishment with yells and noisy bawling--just as the demi-monde thinks it cool to wear diamond studded swastikas as pendants.

Several circumstances may have aided the right: The fact that for a long time the schools provided little if any instruction about the inequitable regime of the Nazis; that Hitler has spawned several bestsellers on the market for books, records and movies--even a rock opera!; that horrific Jewish jokes are making the rounds ("how do you get nine Jews into a Fiat 500?--Four on the seats, five in the ashtrays"); that drunk lieutenants at the Bundeswehr Academy played a game of "burn the Jews." Psychology Prof Walter Jaide has put his finger on it: Youth is alienated to the right. Hamburg Interior Senator Staak recently said about right extremist rockers and brawlers that they are "mostly young people who believe in a mythical image of history."

Young right radical squad leader Michael Kuehnen commands many adolescents and does not seem to be too far wrong when he asserts: "The Hitler wave has helped loosen public opinion." He claims to have adherents in the Bundeswehr also. Since a visit of several weeks to the United States Roeder has discovered inspiring examples from neighboring countries: The right radical terror in Italy, the street battles of the racist National Front in England, the organized hatred of Blacks and Jews in the United States. "The white giants are coming," they taunt the unsuspecting citizens; before them, boasts Roeder, "enemies of the Reich and Zionists run for cover."

#### Organizations and Members

	Organizations	Members
1959	85	56,200
1960	96	46,100
1962	112	27,600
1972	123	24,700
1975	148	20,400
1976	142	18,300

The trend: The weaker the NPD, the greater the numbers of mini-organizations. Their rise in turn corresponds to a decline in membership.

There have always been rightists in the Federal Republic--soon after its establishment there was the (subsequently banned) Socialist Reich Party (SRP) of the Doris and Remer; later, in the era of the Grand Coalition and economic recession, there were the National Democrats led by Adolf von Thadden, which now lead no more than a shadow life.

Many attempts have been made to explain the phenomenon of right extremism: Eberhard Jaeckel spoke of "Palaconazis," Max Picard of "Hitler in us," Alexander Mitscherlich of our "inability to mourn" and thereby to deal with and understand. Eugen Kogon furnishes a topical diagnosis: The successor generation is able to feel free of any responsibility, innocent of past crimes.

Several circumstances have helped sustain the brown dregs: The denazification blunders, the early release of condemned criminals from allied detention, the anticommunism crusade and rearmament during the cold war, finally also--in the Adenauer era--some unsavory incidents in the government camp: The case of former Coebbel's State Secretary Werner Naumann and his "Gauleiter circle" closely allied to the FDP (1953), the case of Lower Saxon Minister for Religious Affairs Leonhard Schlueter (1955), the bad mistake of the "deep brown" (quoting Adenauer, no less) Expellee Minister Theodor Oberlander who did not flee until 1960 and--another blow--was replaced by the CDU's Krueger who was soon discovered to have been a NS special court judge.

Fly fox Adenauer was able to prevent other mishaps: The radicalization of refugees in the "Federation of Expellees and Disfranchised" (BHE), which he forestalled by skilfully and gradually absorbing it into his Union, just as he did later with the German Party; the undue proliferation of traditional associations, whether student fraternities or the SS "Reciprocal Aid Society" (HAIG), most of all though--by the Supreme Court ban on the SRP--the rise of a properly organized right.

Only Karlsruhe was able to draw the fangs of the Socialist Reich Party, founded in 1949, which had gradually absorbed the German Reich Party and the German Right Party--after it had been successful in elections, especially in Lower Saxony (11 percent) and Bremen (7.7 percent) and counted nearly 10,000 members in 1950. By its verdict of 23 October 1952 the Federal Constitutional Court declared the party unconstitutional because the SRP claimed that the German Reich continued under "Fuehrer Doenitz" (something which Roeder postulates to this day), because it maintained an elite formation similar to the SA, paid homage to the Fuehrer principle and antisemitism and, with respect to its conceptions and overall style, showed a "physiognomic coincidence with the NSDAP." The consequence: Organized right extremism collapsed, splintered--just as now--in hole and corner associations and bar room clubs.

In the early years of the Federal Republic the public was scared by occasional defilements of Jewish cemeteries and synagogues. The most dramatic such desecration took place in Cologne, at Christmas 1959. Its worldwide publicity triggered a wave of imitators: By 15 February 1960 another 833 posters were recorded, 321 offenders traced (including some kids). At the time Carlo Schmid, vice president of the Bundestag, listed three reasons for the explosions of hatred. These apply to similar incidents now:

-- The wish to be shown on the weekly television news roundup and in the newspapers.

-- The lack of instruction ("until we have taught every one of our children and made them understand that the problem is not the murder of 6 or 3 million but whether nobody or just one person was killed--until then we have failed").

-- The reservoir of 'herostratic posturing.'

Schmid added: "There are situations when one must awaken the sleeping hounds of hell, so that their barking may remind us how close we still are to hell."

No later than 1964, upon the establishment of the National Democratic Party of Germany (NPD) by the German Reich Party's Adolf von Thadden, in the era of the Grand Coalition (which was also the era of political frustration), another dictum by Carlo Schmid was confirmed: "Many of us still have a lot of garbage just below the threshold of consciousness" and "here and there we still have an internal climate which invokes such specters."

Thadden, though, profiting from the experiences of the Socialist Reich Party and the German Reich Party, avoided every semblance of similarity to the concepts and models of National Socialism in the program, organizational structure and clothing of his NPD. Successful in a series of provincial diet elections (see graph 2) he maneuvered his party of the "eternally nostalgic and unteachable" past all constitutional hazards. It withered as a consequence of quarrels among the leadership and upon the advent of a social-liberal government in succession to the Grand Coalition. Finally, in Bonn and the Laender, it broke on the rocks of the 5 percent clause and now merely leads a shadowy life: From a high of 28,000 members in 1969 no more than 9,700 now remain--classified by the BfV as the "old right." In 1977 it lost another 1,000 followers but still furnishes half of all organized right extremists.

Two phenomena accompanied the NPD's decline. They are in fact more apparent now: Violence and the commitment of juveniles.

The first of these began with the "resistance action" which directed robust street demonstrations against the Federal Government's Eastern policy, against "treason and sell-out." The salute with three fingers raised (forming a W) and the insignia then created (also featuring a W) were retained by the neo-Nazis of our days.

The "action" (now long forgotten and at the time actively supported especially by Gerhard Frey, Munich proponent of right causes and publisher of the NATIONALZEITUNG) gave birth--and this is another detritus of the disappearing NPD--to those juveniles who now set the tone for the right radical scene of brawlers and scrawlers. The "Young National Democrats" (JN) who carry on a running battle with their sterile parent party and its philistine chairman Martin Müssgnug, are the only ones of the "old right" to enjoy some success: Their membership increased from 1,500 in 1975 to 1,800 now. Former JN members also provide the nucleus of the violence-prone neo-Nazi cadres.



The three most important ones are the gangs led by Manfred Roeder, Erwin Schoenborn and Thies Christophersen. They are reinforced by the paramilitary company of "military sports" group leader Karl-Heinz Hoffmann. Combined they provide the spearhead of the so-called NS renaissance movement. Among the 18 groups registered by the BfV, the companies under their command, that is the "German Citizen Initiative," "Alliance of German Soldiers" and "Farmer and Citizen Initiative," occasionally draw public attention. At best these three between them have 400 followers. The others, including some one-man bands and family groups, drag along in virtually total anonymity.

The three mini-fuehrers all have been sentenced at some time or other to imprisonment or fined by the courts. They used their trials--with the assistance of like-minded comrades bused in--as stages for their propaganda efforts, including the singing of their battle songs. (Roeder, last sentenced to 6 months in jail in Flensburg, has gone underground and is sought by Interpol at the present time; in late April he was supposed to stand trial in another matter before Frankfurt Superior Land Court.)

All of them are afflicted by a chronic lack of funds. In his "letters to friends" Roeder complains most loudly (he asks for contributions to his "Reich Hall," a former 15-room hotel purchased for DM170,000 on a hill near Schwarzenborn, as well as for the support of his six young children).

Nevertheless former attorney Roeder, 50, is the most intelligent and skilful of the lot. His hucksterish pronouncements therefore exercise the greatest effect in the backrooms of the right camp. Everything he preaches is accepted. Whether he acclaims the Baader-Meinhof extremists for their anti-Zionism and says he would prefer to have one of them in the prison cell next to his own instead of having a policeman as his neighbor; whether, after his virtually unnoticed attendance at the Brokdorf demonstrations, he proclaims: "Terror is to be welcomed. Things can't get bad enough"; even more when, on the analogy of the SBZ [Soviet zone of occupation] he calls the Federal Republic a "KBZ" [capitalist zone of occupation]; even when he trumpets that the "Roeder family" is the core of his "citizen initiative. I do not see anybody anywhere who is equipped with better leadership qualities."

He is a self-appointed "trustee for 10 million German soldiers," represents the "healthy ideas of 90 millions" (one may well ask where he takes those figures from), considers himself "a National Socialist still" (although he was just 16 in 1945)--in any case he wishes to protect the German people from extinction by acting as the 'attorney for justice.'

Roeder began in the Protestant Student Community as a bible punching law student from a cultured home. His first political experience was the result of membership in the CDU. His earliest protests (in 1970) were associated with spray paint and butyric acid attacks on sex fairs. In 1971, when he succeeded in getting his "Citizen Initiative" under way, the tax office granted him exempt status. At the same time he read Christophersen's white-washing reportage on Auschwitz and wrote the introduction to that book. These



events marked his accession to the Hitler bandwagon. He organized brawls in theaters where a Schlagerer skit was acted, laid a wreath at the Nuremberg court building in memory of the hanged NS chief war criminals, arranged his 'Reichstage' (three so far), invited to folk dancing on his hilltop, "in full view of our enemies," vilified executed resistance fighter Dietrich Bonhoeffer as 'dishonorable traitor' and, in his persecution mania (which could easily qualify him for commitment to a hospital) lodged official complaints of attempted murder against policemen, "probably Jews or bought minions of the Israeli Secret Service." A would-be Fuehrer at the head of of his puny army on the hill.

Less flamboyant, also older and less eloquent, are his companions on the common spectral scene: Thies Christophersen and Erwin Schoenborn. Except at trials 59-year old farmer Christophersen from Kaelberhagen has made little waves with his "Citizen and Farmer Initiative" founded in 1972, his "peasantry magazine" and a book on Auschwitz. Erwin Schoenborn, 64, is a former Reich Labor Service section leader and publisher. He has appointed himself "Reich Regent" and, since 1975, commands the Frankfurt "Alliance of German Soldiers." He is also chairman of the "German-Arab Society," the "Free Social People's Party," the "Association of Forces Loyal to the Constitution" and, since 1977, of the "Common Action National Europe" which is to be the vehicle of his participation in the elections to the European Parliament. Schoenborn's expensive campaigns are directed mainly against the "gasing lie." In this connection he issued the following leaflet recently distributed in Duesseldorf on the occasion of the Maidanek trial:

"We will pay a reward of 100,000 for every properly documented 'gasing' in the 'gas chamber' of a German concentration camp. We will not accept concentration camp witnesses from Poland, Israel or the United States, who--as in the NS trials--perjured themselves without possibility of redress."

Schoenborn at least occasionally displays some rudiments of sober appraisal for the potential of a right radical republic. Once he confessed: "Hitler has left us a terrible legacy. He began with seven people. Now they all think they can do it with seven also." Another time he said: "I have no objections to the swastika flag. But we can found another NSDAP only when we have another Fuehrer." They are still waiting for one, in vain.

In addition to the "German People's Union" (3,500 members) of energetic rightist publisher Gerhard Frey (more than 400 investigations), the "Military Sports Group" of Nuremberg graphic artist Karl-Heinz Hoffmann is occasionally in the public eye. Hoffmann is a 40-year old gun fetishist who was once arrested in Turkey for smuggling arms, sentenced some time ago for the unauthorized wearing of uniform clothing, and is currently before the courts accused of a serious breach of the peace. Surrounded by his barely 50 strong company, complete with an old tank and rifles (the barrels of which are welded shut), he regularly goes on "maneuvers." To "heel stamping mannikin," he served as bodyguard for Koeder at the latter's public appearances, like Koeder considers Hitler "to have been a genius" and the "entire bottomless parliamentarianism ripe for extinction."

According to a survey issued by the Cologne BfV on right extremist activities last year, weapons were found at every second arrest, NS propaganda material seized at nearly every search (in one Frankfurt apartment alone 2,500 swastika stickers, 2,000 pamphlets and 500 swastika posters). Every night, somewhere in the Federal Republic, a sticker "NSDAP--Now" decorates a house, "Jews--Get Out" is sprayed on some wall, or--less frequently--gravestones are daubed or overturned, the Horst Wessel Song is bawled, awakening some indignant residents. All that happens.

Often the police arrive too late, do not catch the offender on the spot. The next day that makes the headlines or is broadcast as neo-Nazi outrage on the television screens. And regularly people are scared, the fear of a new Hitler Germany overwhelming. Unintentionally (and sometimes intentionally) no mention is made of the fact that those affected (understandably enough) tend to exaggerate the incidents; that, for example, at the television filming of the Hoffmann group's "military exercises" the solitary tank drove round and round to give the impression of a tank column; that some "actions" were started by agents of the BfV to speed up the gradual self-destruction of the systematically infiltrated groups. Three other recent examples:

Case No 1: On 19 April 1977 the Jewish cemetery in Hannover-Bothfeld was vandalized. The NEW YORK TIMES, among others, used the incident to comment: "Jews feel more threatened now than at any time since the end of World War II."

In fact the perpetrator was a former prison inmate; he was sentenced to 15 months in jail.

Case No 2: In September 1977 a leaflet surfaced in Berlin, signed by NSDAP "Fuehrer" Wilhelm Wuebbels (a Bocholt man on early retirement) and U.S. senior Nazi Lauck (Lincoln, Nebraska; 1974 arrested in Hamburg, deported and banned from reentry). This mentioned the verdict of a "Reich Emergency Court" on 19 "dishonorable people" such as Baader, Raspe, Ensslin, Mahler, Teufel and Croissant. It said that these people were "outlawed according to old German custom"; the sum of DM100,000 would be paid anyone who killed one of these "pests." The leaflet stirred up a lot of attention.

In fact it later became known that the "verdict" had been composed by a BfV agent with the calculated intent of setting left radicals against right hoodlums.

Case No 3: In Hamburg alone 270 daubing actions were recorded last year. Suspicion immediately fell on the Kuehnert SA; the cry was: The brown shirts are loose in the Hanseatic city.

In fact involved in addition to some kids was mental patient Hans-Joachim Bohlmann who also used acid to destroy valuable paintings in museums and churches.

In 1963 then Hessen Prosecutor General Fritz Bauer worried: "If Hitler were to appear in Germany today, he would not be rejected by the German people. I do not believe that the young German democracy would be strong enough to resist him. The mere fact that the Germans would not immediately turn their backs on him would suffice for Hitler and his ideals to find good fruitful soil in the Germany of 1963.' Now even more than at that time these fears, especially the ones expressed abroad, are groundless: Bonn will not be another Weimar. Even those do not see Germany's savior as a new Adolf Hitler (see below) who, in answer to the polls, advocate one 'strong man,' one party, or affirm that National Socialism had its "good aspects" and that Jews had always been "fomenters of disorder."

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## Polls

### 1. The German Image Abroad

(February 1978; poll on behalf of the Federal Government):

More than 30 percent (top of the list) have reservations against Germans due to the NS past.

### 2. Was National Socialism a Good Thing?

(Poll by the Mannheim Election Research Group):

1968: 50 percent

1977: 26 percent

### 3. Has Hitler Done Most for Germany?

(Polls by the Allensbach Institute):

1950: Every 10th person agreed

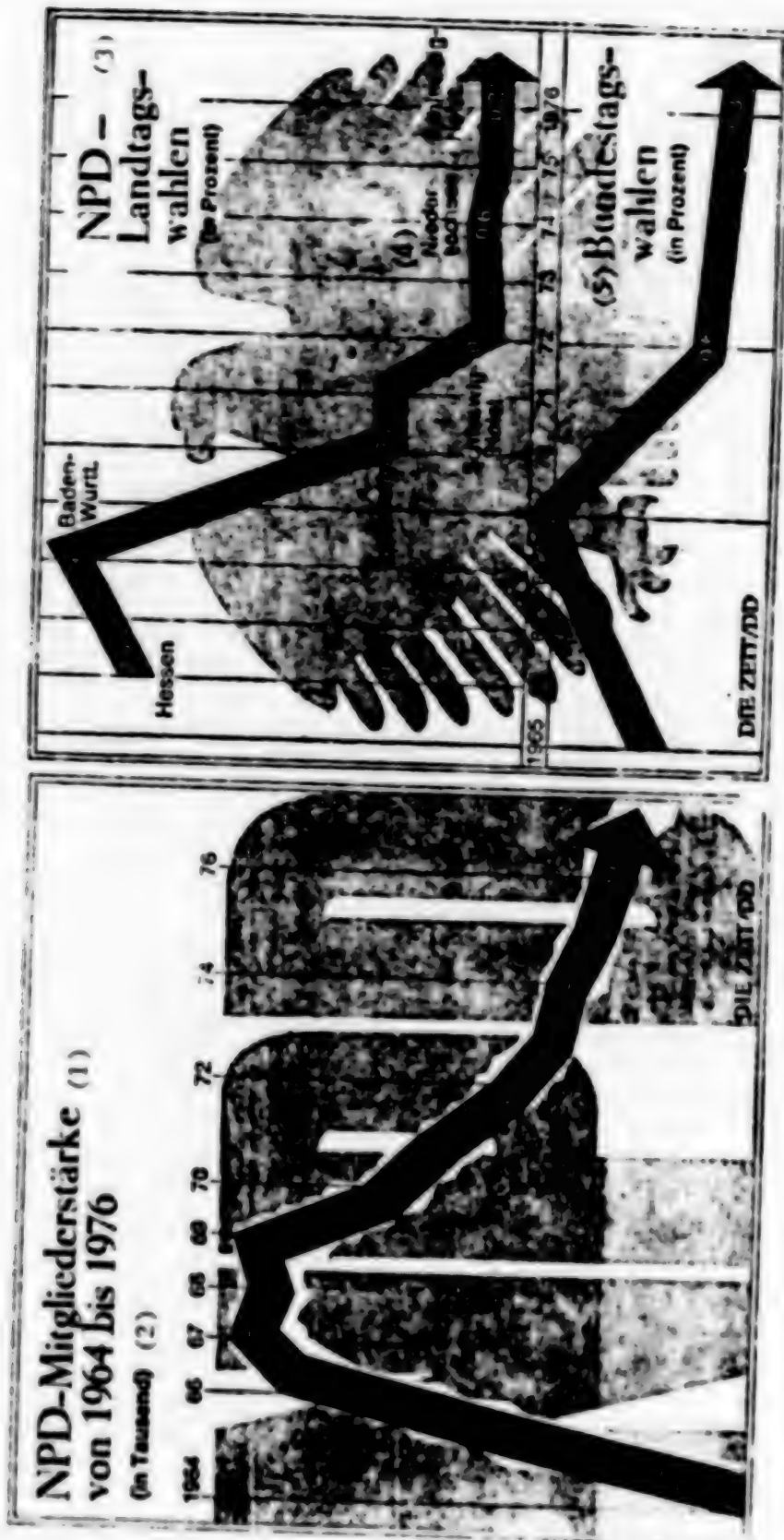
1975: Every 50th person agreed

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Interior Minister Werner Maihofer commented the 1976 BfV report as follows: The report confirms that "right extremism is virtually insignificant in the Federal Republic of Germany." It has further shrunk to a more or less irreducible core. Nevertheless: The increasingly militant activities of neo-Nazi groups demonstrate "that right extremist endeavors must also be taken into account as a focus of danger and carefully watched." Hans Josef Horchem, head of the Hamburg BfV office, arrived at a similar conclusion for 1977: Right extremism is in a stage of decay, apathy and resignation; its superficial, scattered and sterile provocations cannot disguise its essential impotence. As the groups and minigroups often compete with one another and moreover depend exclusively on their respective 'Fuehrers,' they lack that "hard to penetrate consistency, solidarity and secrecy" typical for left extremist and terrorist circles. Horchem's conclusion: Neo-Nazism offers no political danger.

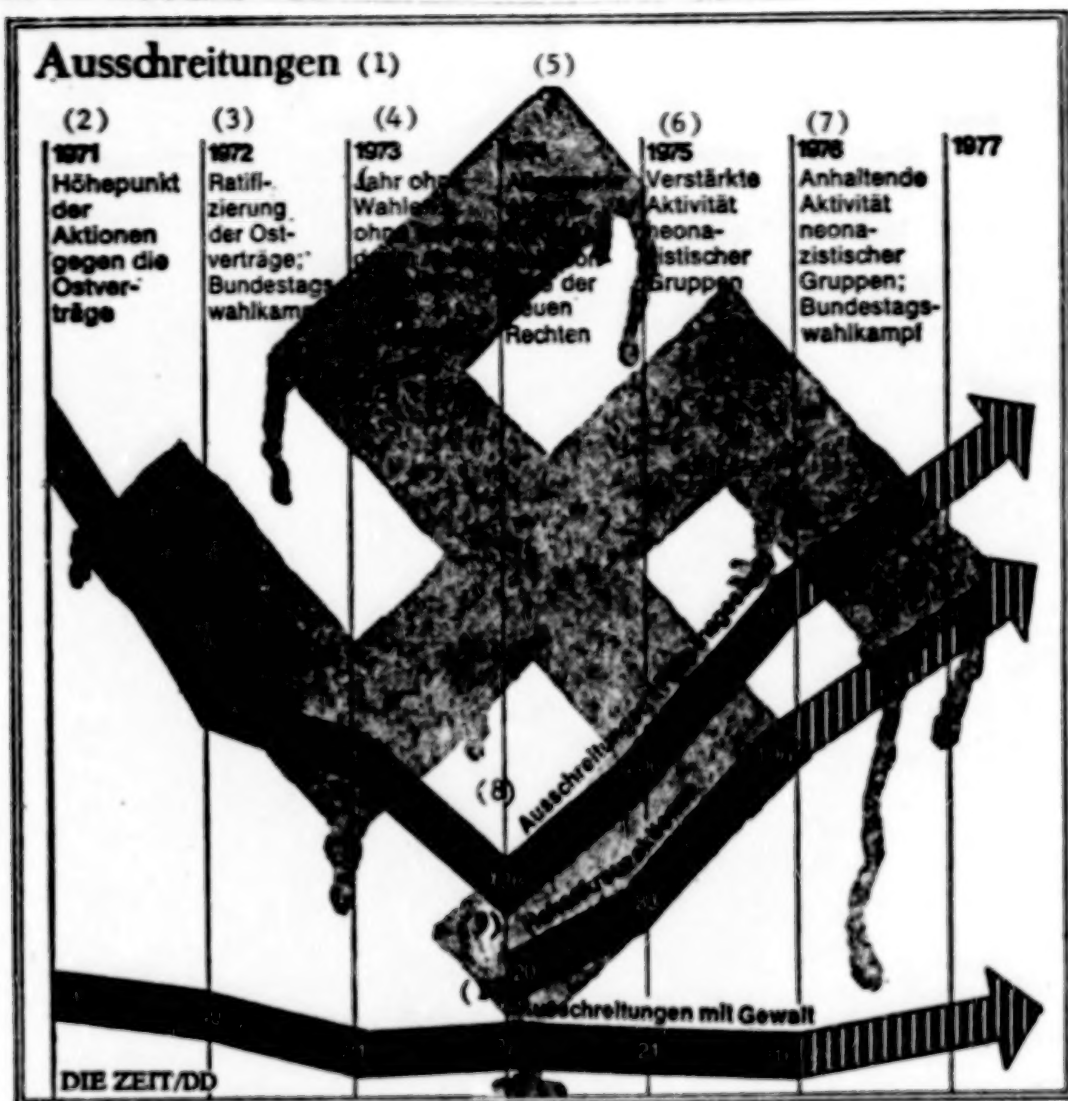
Lately Herbert Weichmann arrived at this sober verdict: "In recent years the attempt to revitalize open Nazism, though it may still haunt some people, has demonstrated nothing but emptiness. The acts of violence recorded are a problem for the police, not for policymakers." And Egon Bahr, SPD federal secretary, affirmed: The Federal Republic is "disgustingly normal."

Graph 1





Graph 2

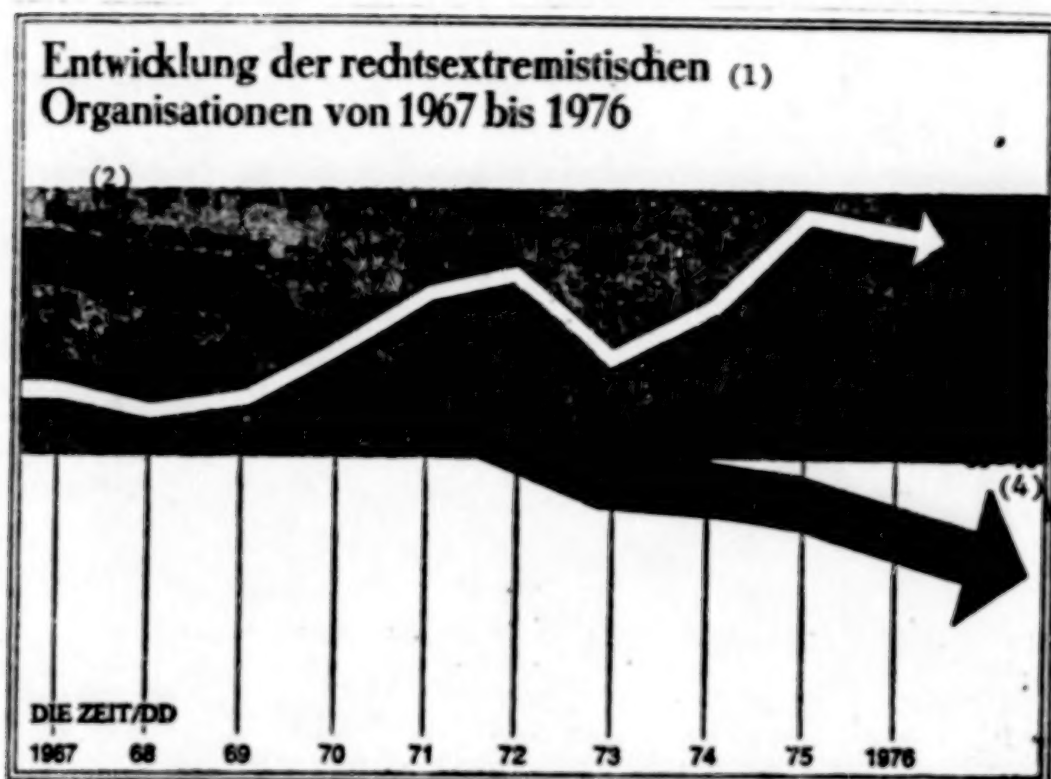


Key:

1. Outrages
2. 1971--high point of actions against the Eastern treaties
3. 1972--ratification of Eastern treaties, Bundestag election campaign
4. 1973--not an election year, without special national political inflammatory material
5. 1974--general lassitude, especially of the new right
6. 1975--greater activism of neo-Nazi groups
7. 1976--continuing activism of neo-Nazi groups; Bundestag election campaign
8. Outrages (total)
9. Swastika actions
10. Violent outrages



Graph 3



**Key:**

1. Development of right extremist organizations 1967-1976
2. Membership in thousands
3. Organizations
4. Numbers of organizations

11698

CSO: 3103

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